ORIGINAL

OPEN MEETING

MEMORANDUM

TO: THE COMMISSION

FROM: Utilities Division

DATE: September 20, 2016

RE: IN THE MATTER OF RECENT WATER OUTAGES, WATER QUALITY, AND CUSTOMER SERVICE ISSUES AT BROOKE WATER, LLC AND CIRCLE CITY WATER COMPANY, LLC AND THE NEED FOR POTENTIAL REMEDIAL ACTIONS; DOCKET NOS. W-03039A-16-0322 AND W-03510A-16-0322

INTRODUCTION

Enclosed are the Commission Staff's memorandum and proposed order for In the Matter of Recent Water Outages, Water Quality, and Customer Service Issues at Brooke Water, LLC and Circle City Water Company, LLC and the Need for Potential Remedial Actions; Docket Nos. W03039A-16-0322 and W03510A-16-0322. This is only a Staff recommendation to the Commission; it has not yet become an order of the Commission. The Commission can decide to accept, amend or reject Staff's proposed order.

You may file comments to the recommendation(s) of the proposed order by filing an original and thirteen (13) copies of the comments with the Commission's Docket Control Center at 1200 W. Washington St., Phoenix, AZ 85007 by 4:00 p.m. on or before **September 22, 2016.**

This matter may be scheduled for Commission deliberation at its Open Meetings scheduled **September 23, 2016**, at 10:00 a.m.

If you have any questions about this matter, please contact Thomas Broderick, Director, at (602) 542-7270.

BACKGROUND.

On August 21, 2016 at approximately 9:00 p.m., a water outage occurred on the Brooke Water, LLC ("Brooke") Lakeside Water system ("Lakeside") with service interruptions of varying magnitudes occurring over a three day period from five separate water line breaks. The Arizona Corporation Commission ("Commission") held a Special Open Meeting on Monday, August 29, 2016, to receive a status update on the water outages, water quality, and customer service issues at Brooke and Circle City Water Company, LLC ("Circle City") and to discuss a possible complaint or order to show cause, possible preliminary relief, or other enforcement action. After a lengthy discussion of the outage and measures taken by the Company to address the outage, the Commission asked the Utilities Division Staff to do a report about Brooke and Circle City, their complaint history, circumstances surrounding the outage, and other matters relating to customer responsiveness, financial fitness and operating condition of the Companies' plant. The Staff was

asked to also look at the history of other affiliated water companies in Arizona. This Memorandum contains Staff's analysis and recommendations with respect to remedial actions. During its preparation of this Report, Staff conferred with Mr. Robert Hardcastle on the findings and recommendations contained herein.

Short Summary of Brooke, BUI and their Arizona Affiliates

Brooke and Circle City are corporations, the shares of which owned by Robert Hardcastle (10 percent) and Chrystal Investments (90 percent). They provide water service to an area north of Parker, Arizona along the Parker strip, and to an area near Circle City, Arizona. Mr. Robert Hardcastle is the managing member of Brook and Circle City. These two companies were originally owned by Consolidated Water Utilities Co. LTD ("Consolidated"). Consolidated filed a bankruptcy petition under Chapter 11 and subsequently all of the assets of Consolidated were sold at an auction sale on October 16, 1995 to Brooke. In Decision No. 59435 (December 29, 1995), the application for approval of the sale of assets and transfer of Certificate of Convenience and Necessity (CC&N) of its Apache Junction Division from Consolidated to Brooke was approved.[1] In Decision No. 59754 (July 18, 1996). the application for approval of the sale of assets and transfer of the CC&N of Circle City and Brooke from Consolidated Ltd to Brooke was approved by the Commission.

In 1996, Brooke purchased United Utilities, C&S Water Company, Desert Utilities, E&R Water, High Country Water, Pine-Oak Water and Williamson Waterworks all of which had outstanding Orders to Show Cause with customers experiencing billing issues, water service issues and water shortages. See Decision No. 58779. The systems were in a deteriorating state.

In early 1998, applications were made to reorganize the water utilities' structure of Brooke Utilities, Inc. ("BUI") [2], to reorganize the Companies to correspond with geographical boundaries. The applications included requests for approval of the transfer of portions of assets and corresponding CC&Ns of BUI's existing water companies, Brooke Water, C&S Desert Utilities, High Country, Pine-Oak E&R, United Utilities and Williamson Waterworks, to the following companies: Brooke Water, Circle City Water C., LLC, Tonto Basin Water Co., Inc., Payson Water Co., Inc., Pine Water Co., Inc., Strawberry Water Co., Inc., and Navajo Water Co., Inc. The purpose of the reorganization was to achieve operating, administrative, and regulatory reporting efficiencies. There were no changes in terms of rates and tariffs, ownership, management or operations of the current water systems. The Commission approved the reorganization on June 19, 1998 in Decision No. 60972.

Various sales and condemnations have resulted in CC&N cancellations for the Pine Water Company and the Strawberry Water Company. On October 6, 2009, a Final Order of Condemnation was entered by the Superior Court in Case No. P13OOCV20090785 vesting ownership and possession of Pine Water Company and the Strawberry Water Company.in the Pine

1 In Decision No. 59435, (December 20, 1995), the transfer of the Apache Junction Division from Brooke to the Water Utilities Community Facilities District and cancellation of the CC&N for Apache Junction was approved.

2 BUI was controlled by Chrystal Investments LLC which owned 90 percent of the stock and by Mr. Robert Hardcastle who owned the remaining 10 percent of the stock. The Commission's e-Corp lists BUI as not in good standing and having been administratively dissolved for not filing annual reports.

Strawberry Water Improvement District. The CC&Ns for both Pine and Strawberry were cancelled on April 6, 2010.

Payson Water Company, Tonto Basin Water Company and the Navajo Water Company were subsequently sold to J. W. Water Holdings in June, 2013 under a confidential Stock Purchase Agreement.

Brooke and Circle City are located in the Counties of La Paz and Maricopa respectively. Brooke serves approximately 2,000 customers and Circle City serves approximately 190 customers respectively[3]. Brooke[4] has 7 systems (if Circle City is included as a system) with customer counts as follows: Holiday Harbor (226), Lakeside (799), Marina Village (226), Moovalya Keys (553), Parker Dam (191), Rio Lindo (31) and Circle City (190). Tariffs for Brooke Water have been in effect since April 1, 1994. Tariffs for Circle City Water Co. have been in effect since January 8 1998.

The Recent Brooke Water LLC Outage

The outage occurred on a Sunday evening around 9:00 p.m. in Parker, Arizona. It initially affected approximately 50 customers. Mr. Hardcastle first reported the outage to the Commission's Consumer Services Division on Monday, August 22, 2016, at 1:44 p.m. Two additional leaks erupted and were reported.

In the morning of August 23, 2016 at 7:09 a.m., Mr. Hardcastle provided an update advising that Company personnel had again worked through the night repairing water main leaks. The main leaks were caused by a high pressure reducing valve failure. The valve was located between four sections of customers separating upper Lakeside from lower Lakeside. The customers are separated by various pressure zones because of elevation differences in the service areas. A high pressure reducing valve holds back high pressure on one side of a valve against lower pressure on the other side of the valve. The Company also reported that two additional leaks had erupted. On Tuesday evening, August 23, 2016, Staff was advised that the valve was repaired and water was slowly being introduced back into the lines and that by approximately 10:00 p.m., the lines were fully pressurized. Water service had begun to slowly return to interrupted customer service sites on August 23rd. According to the Company, complete pressurization of the system was completed the evening of August 23rd. Mr. Hardcastle also advised in an email communication to Staff the next morning that water (non-potable) was delivered to a location in Parker for customers use and bottled water was also delivered.

Staff Engineer Frank Smaila noted that there had been a total of 5 breaks between Sunday evening and Tuesday at 1:30 in the morning. The breaks occurred over a three day period (August 21, 2016 thru August 23, 2016). The breaks were in the same general areas in the low elevation area around the river.

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3 Annual Reports for year ending 12/31/2015.
4 Annual Report for Year Ending 12/31/15.

At the Open Meeting, Mr. Hardcastle stated that on Tuesday morning, after numerous conversations with the water operator, Dale Allred, he made the decision to contact other industry sources because of the number of items that needed attention. He contacted EPCOR (Lake Havasu/Bullhead City) to assist in returning customers to service. On August 24th, EPCOR made permanent repairs during a planned outage lasting about an hour that included rebuilding the pressure release valve. Mr. Hardcastle then reported to the Commission's Consumer Section that the Lakeside water system was functioning normally. EPCOR should be commended for providing assistance to a smaller water company when it needed help.

At various times of repair during this period as many as 200 plus customers (and as few as 50 plus customers) were out of service depending on pressure zones repair status and construction replacement. The Lakeside system has approximately 800 customers with 200 of these customers on the lower system and 600 on the upper system.

Consumer Services and others at the Commission began receiving calls from customers and County Officials on August 23rd about the outage. They reported that they were having difficulty reaching the Company personnel to obtain information on the outage. Chairman Little convened a meeting with a number of agencies on Friday morning, August 26th. The primary purpose of the meeting was to discuss what went wrong with the communications regarding the outage and the need to immediately determine that the water was safe to drink. An ADEQ inspector went out on Friday to test the water to ensure that it was safe to drink. Notification was received from ADEQ over the weekend that the water was clean and safe to drink.

Apparently, County and Emergency officials had not been contacted about the outage. One Official indicated that while the outage occurred on Sunday, he did not hear about it until Tuesday. Further, he heard about it from a customer; not the Company.

Because of the numerous concerns raised regarding water safety, lack of communication and various other concerns such as the safety of the asbestos piping used in the system; the Utilities Division Staff was asked to look at these issues and report back to the Commission.

STAFF ENGINEERING, CONSUMER SERVICE AND FINANCIAL FINDINGS

The Brooke Water Plant Facilities -- Engineering Field Inspection Findings

The plant facilities were field inspected on August 29, 2016 by Staff Engineer Frank Smaila. Dale Allred, Brooke's system operations superintendent, accompanied Mr. Smaila on the site visit. The Engineering Report is attached as Exhibit A.

Lakeside water system's main and only water source is the Colorado River. Two 10 horsepower pumps are utilized to transfer river water to two pressure sand filters. Pressure filters are used to remove solids from the river water. Pressure filter backwash is sent to two 50,000 gallon lined backwash ponds. The Company owns three storage tanks (1-50,000 gallon, 1 – 100,000 gallon and 1- 300,000 gallon) in the Lakeside water system. The filtered water is chlorinated and sent to a

50,000 gallon storage tank. This storage tank utilizes a 25 horsepower booster pump to deliver the chlorinated drinking water to a 300,000 gallon and a 100,000 gallon storage tank. The tanks and one pressure reducing valve deliver the drinking water to approximately 800 primarily residential connections.

Staff determined based upon its field inspection that the mechanical equipment is in good working order and maintained adequately. The exterior of all plant equipment made of steel has not been adequately maintained. The majority of the distribution system piping is made of asbestos cement and the safety of the piping was questioned during the Special Open Meeting.

Staff Engineer Frank Smaila observed through use of a camera telephoto lens, that the rust was quite extensive on the 50,000 gallon storage tank with the possibility of rust through to the tank interior suspect. If the interior has been compromised, contamination could occur.

At the Special Open Meeting, much concern was expressed regarding the asbestos cement piping. At the Special Open Meeting, Mr. Smaila indicated that the pipes have been in the ground since 1962 and are probably getting near the end of their useful life. This type of pipe was installed in water systems in North America starting in the 1930s until early in the 1980s. It was an affordable non-corroding alternative to metallic pipes in areas prone to corrosion. Health concerns often led to the installation of new pipe materials including metallic or PVC, although there was no evidence of water-born fiber related illnesses. Asbestos cement piping as of the mid-1990s in North America was as high as 12 to 15 percent of all potable water mains. The Company is subject to mandatory participation in the Monitoring Assistance Program ("MAP"). However, MAP only conducts asbestos sampling at the entry point of the distribution system. MAP last analyzed for asbestos in February of 2013 and the results were nearly non-detect. According to ADEQ the asbestos sampling frequency for Lakeside is only once every 9 years.

In the Lakeside System, Pressure Reducing Valves are used to reduce the pressure of the water delivered to customers in low lying areas. If it were not used, the water pressure in low lying areas would be well over 100 psi. The Pressure Reducing Valve first failed on August 21, 2016 resulting in the first water line break on Harbor Drive. After four more breaks, the operator noticed on August 23, 2016 a small diameter copper line, part of the Pressure Reducing Valve, was leaking. This was repaired and then the operator noticed that the Pressure Reducing Valve was not operating properly. Mr. Hardcastle took the extraordinary step of calling EPCOR in to help because of the number of issues presenting.

The Utilities Division Engineering Section made the following conclusions based upon the site visit and analysis of information obtained regarding the Brooke – Lakeside's operations:

a) The Lakeside water system consists of two 10 hp pumps, two pressure sand filters, two 50,000 gallon lined backwash ponds, one chlorinator, three storage tanks, one

booster pump, one pressure reducing valve and a distribution system serving approximately 800 primarily residential connections.

b) The Lakeside water system has adequate source production and storage capacity to serve the present customer base and reasonable growth.

c) The majority of the distribution system piping is made of asbestos cement.

d) Dale Allred, the operation superintendent, supervises the operation of Lakeside water system and six other water systems and has approximately seven years of experience as a certified operator. Mr. Allred does a good job running the water system and is extremely conscientious but appears to lack experience and knowledge of Pressure Reducing Valves.

e) All of Brooke Water Systems, PWS No's 15-006, 15-010, 15-011, 1527, 15-040, 15-058 and 07-112, are in compliance with ADEQ requirements and are currently delivering water that meets water quality standards required by Arizona Administrative Code ("A.A.C."), Title 18, Chapter 4.

f) The Company is not located within an ADWR Active Management Area and all Brooke Water Systems are currently **not** in compliance with departmental requirements governing water providers and/or community water systems.

g) According to the ACC Utilities Division compliance data base, the Brooke – Lakeside System has no delinquent Commission compliance items.

h) The Company does not have a Curtailment Tariff on file.

i) The Company has an approved Backflow Prevention Tariff on file with an effective date of January 13, 1994 when the water system was owned by Consolidated Water Utilities, LTD.

j) The 50,000 gallon storage tank has extensive rust and possibly the interior has been compromised.

k) The exterior surface of all tanks have surface rust and degrading paint.

l) The water loss cannot be calculated due to the Company not measuring the backwash water utilized.

m) The 100,000 storage tank was overflowing drinking water contributing to overall water loss.

n) The Lakeside water system experienced service interruptions from five separate water line breaks over a three day period (August 21, 2016 through August 23, 2016.)

Circle City Plant

According to the 2015 Annual Report, the Circle City water system consists of one 75 gpm groundwater well, four storage tanks (totaling 125,000 gallons), two 10 hp booster pumps, and one 5,000 gallon pressure tank, one chlorinator and a distribution system serving approximately 186 customers. The system is located in Maricopa County and is self-sustaining and does not purchase water from another water system. Dale Allred is the certified operator.

According to the Maricopa Environmental Services Department ("MESD") Compliance Status Report, dated September 7, 2016, MESD reported that Public Water System ("PWS") No. 07-112 is in compliance with MESD requirements and is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.

The water system is not located within an ADWR Active Management Area. Staff received Water Provider Compliance Status Reports dated September 1, 2016, in which ADWR reported that the water system is currently not in compliance with departmental requirements governing water providers and/or community water systems. ADWR states that "No Record of Submission for 1st Update of their System Water Plan" has been provided as required.

Customer Service and Outages -- Consumer Service Section's Findings

Staff looked at the complaint history of Brooke and Circle City and the number of unplanned outages which occurred in the last year, as well as the Company's handling of the outage in August, 2016.

Brooke's complaint history from 2005 through 2016 is contained in Attachment B at pages 14-15. Complaints filed with the Commission have gone from a high of 40 in 2012 to 20 in 2016. Complaints in Circle City have gone from a high of 13 in 2012 to zero in 2016. Of the 20 complaints filed in 2016 for Brooke, the top issues were billing, outages and customer service.

The Company also provided its call center statistics for January through August of 2016 which can be found on pages 17-21 of Exhibit B. The Company's call center categorizes the calls into one of the following 11 categories: 1) service on request; b) close account (service off); c) statement and payment inquiry/bill copy; d) meter re-read request; e) payment arrangement; f) leak report; g) water service interruption/conservation; h) customer account inquiry; i) credit and payment process; j) disconnections related and k) other.

With respect to outages, in addition to the service interruptions and outages experienced during the event in August, 2016; Brooke has had 4 other unplanned outages and Circle City has had 1 unplanned outage in 2016. The cause of the other four unplanned outages in Brooke were to

repair emergency leaks. Most were 2-3 hours in duration. The number of customers affected was from 15-150. See pages 33-36 of Exhibit B.

With respect to the August incident involving the Lakeside system, notification could have and should have been handled more efficiently. The Consumer Services Division's Report is attached as Exhibit B. Customers that had provided their email addresses, if updated, received notices and updates. If a customer did not register his email address, he did not receive a notice or update.

Notifying County Officials, the Arizona Department of Environmental Quality ("ADEQ") and others was clearly overlooked.

Staff had difficulty reaching Mr. Hardcastle multiple times throughout the outage. The La Paz County Sheriff's office called to see if we could contact Mr. Hardcastle or provide a number. King Clapperton, a La Paz County Supervisor, advised that he was also unable to reach Mr. Hardcastle. The Staff had the same telephone numbers the County Officials were using. Staff agreed to get their messages to him if Staff was able to make contact. Later, Staff learned that at no time was Mr. Hardcastle in the Parker area during or after the outage.

Consumer Services began receiving calls Tuesday afternoon, August 23rd. Some customers did not want to be identified and thus the Staff agreed not to include their names in the Commission's database.

Financial Fitness of Brooke and Circle City

Brooke has not filed a rate request since the early 1990s. The Commission's Revenue Requirements and Audits Section looked at various financial indicators to gauge the continued financial fitness of the Brooke Water and Circle City Water Companies. The Division also looked at a history of certain financial parameters for all of the Companies managed by Mr. Hardcastle over the years. The Revenue Requirements and Audit's Section Report is attached as Exhibit C.

Brooke Water's last request for a rate increase was in 1991 which was prior to Robert Hardcastle's purchase of the Company. The financial analysis shows that in general Brooke has consistently reported strong Net Income levels for all years during the review period (1999-2015). Total revenues have stayed relatively flat during this entire period and total net plant in service has dropped slightly (from $865,213 recorded at the end of 1999 to $662,003 recorded at the end of 2015. This indicates that only small additions have been made to plant during this 15 year period.

The annual cost-of service utilized to set the Company's rates included a recurring level of annual repairs and maintenance expense of $267,309; however actual repairs and maintenance expense has been substantially below this level. For instance, in 2015, reported repairs and maintenance expense were $89,508.00

Brooke Water reported Net Income in excess of $300,000 in 2015 on a remaining rate base of approximately $662,003. Based upon Staff's cursory review, the Brooke Water System appears to be over-earning. The Company is considering filing a rate case sometime within the next 5 years.

Circle City has not filed a rate case since the 1990s. It has routinely reported substantial Operating Losses during the same approximately 15 year period (e.g., ($92,138) in 2015). Total reported revenues were relatively flat during this period of time. The data also suggests that relatively substantial investments were made in plant-in-service in 2008 and perhaps again in 2012.

History of the Company's Management of Other Arizona Water Companies

The Utilities Division was also asked to look at the management of affiliated companies in Arizona and issues that may have arisen.

At the Special Open Meeting, Mr. Hardcastle stated that he has been in the water business for 25 years. During that time he stated that he has had 11 different companies, 43 different water systems, and responsibility for 11,000 customers. In reviewing the history of water companies owned by BUI in Arizona, BUI has purchased companies that were in financial distress (Consolidated) and suffered from various problems, predominantly those associated with water shortages. He acquired several, including Brooke and Circle City, in an auction conducted as part of a Chapter 11 bankruptcy proceeding involving Consolidated Utilities.

Several others, including what later became the reorganized Payson, Tonto Basin, Navajo, Strawberry and Pine companies, were purchased at a time when the companies had outstanding Orders to Show Cause with customers experiencing billing issues, water service issues and water shortages. See Decision No. 58779. Prior to BUI taking over from the previous owner, Rich Williamson, the systems were in a deteriorating state. Following is a short history of the companies affiliated with BUI and Brooke.

Pine Water Company and the Strawberry Water Company

Pine provides water service to approximately 2,000 customers[5] in Pine Arizona, an area located 15 miles northwest of Payson in Gila County, Arizona. The Strawberry Water Company provides water service to approximately 1,079 customers in Strawberry, Arizona. [6] Pine in particular suffered from a myriad of troubles before it was purchased by Mr. Hardcastle and Brooke Utilities in 1996. The territory served by Pine was subject to water shortages, where groundwater is the primary source of water. Pine Water's service area was susceptible to shortages in dry years and during the summer months when demand was highest. Various decisions of the Commission, Decision Nos. 56539 (July 12, 1989), 56654 (October 6, 1989), 57047 (August 22, 1990), and 59753 (July 18, 1996), imposed a moratorium, and prohibited

5 See Annual Report for year ending 12/31/08.
6 See Annual Report for year ending 12/31/08.

additional main extensions with some slight modifications in the later decisions to allow a limited number of new service connections under certain conditions.

It appears that BUI invested substantial capital ($1.2 million) in the Pine and Strawberry Water Companies to improve their operational efficiency and to augment their water supply. His most significant improvement was "Project Magnolia," an eight-inch, 10,300 foot long water pipeline connection from the Pine Water system to the Strawberry Water Company. It can transport more than 700,000 gallons of water daily from Strawberry (where groundwater is more plentiful) to Pine or vice versa. New wells were drilled by both Companies and storage capacity was added to both systems. In addition the Company also represented that it recaptured water by repairing leaking infrastructure and more than 700 leaks in the combined System areas. The Companies also replaced non-functioning meters (approximately 400) in the combined service areas. The improvements were such that the application of Pine for modification of the moratoria on new service connections and main extensions was approved subject to certain conditions.

Pine filed a rate case in 2003 and the Commission approved a settlement agreement with modifications. During this case, the issue of lack of timely responses to customers came up. The process required customers to call a 1-800 number to report leaks. It was reported that it often would take hours if not days before a service person was dispatched to repair reported leaks. When the Company's actions were compared to its guidelines, the Commission noted that the policy described in the Company's written guidelines was not being followed consistently. Decision No. 67166 also noted that calls to the call center in California are often dropped or, even if the caller gets through to an operator, responses to reported leaks are not investigated in a prompt manner.

In Decision No. 67166 the Commission found:

> We believe that it is incumbent upon a public service corporation to be responsive to customer inquiries of all types, but especially in situations where leaks or outages are reported that have the potential to jeopardize the health and safety of the customers served by the utility. The Commission recognizes that Pine Water has a customer service problem.

The Commission also noted in that decision that Brooke Utilities call center employees have no customer service training. Various remedial measures were ordered, including implementation of improved customer service procedures, personnel training, response times and reporting requirements.

As discussed earlier, the assets of both Companies were subsequently condemned and acquired by the Pine-Strawberry Water Improvement District. The Final Orders of Condemnation were entered by the Yavapai Superior Court on October 6, 2009. An ad taken out in a local newspaper by customers in support of the condemnation stated that there had been inadequate investment and referred to poor customer relations and poor billing clarity. Mr. Hardcastle

responded in a letter expressing his belief that customers were dissatisfied with the curtailments that had occurred.

Payson Water Company, Tonto Basin Water Company and Navajo Water Company

Payson Water is located in the Payson area of Gila County and consists of nine independent water systems including Mead's Ranch, East Verde Estates, Flowing Springs, Geronimo, Mesa del Caballo, Star Valley/Quail Valley, Whispering Pines, Star Valley and Deer Creek Systems. In 2005, the systems served approximately 4,100 customers. Payson Water was plagued with a history of water shortages as well. BUI acquired United Utilities in 1996. In 1998, the Company filed an application for a Curtailment Order and a moratorium on new connections, line extensions and an emergency interim rate increase. The Company was experiencing numerous issues, most importantly water shortages. On July 6, 1998, the Commission's Utilities Division had received a petition signed by a significant majority of the customers of Mead's Ranch complaining of continual water outages and what was termed "an inadequate water delivery system" and that United's parent corporation, BUI had failed to address the problem after acquiring United in 1996. The Commission noted that, in the capital plan presented by the Company, no allowance was made for either well improvement or the cost of a new well to increase water production At the time, Mead's Ranch had only one 800 foot deep well in use since 1956 which could not meet demand. The Commission's Order stated that the well was producing approximately 77 gallons of water per customer per day which was inadequate to serve the ten to twenty customers who were full time residents at the time. Additionally, it was brought out that Mead's Ranch was unmetered. In 2004, Brooke filed a curtailment plan tariff which was approved by the Commission in Decision No. 67821.

Payson filed an application for the emergency implementation of a water augmentation surcharge or emergency rate tariff due to water shortages on its Mesa Del Caballo System in 2010. The Company claimed that it could no longer augment the water supply for this system and in 2009 it states that it absorbed $59,137 in water hauling costs for the system. The emergency water augmentation surcharge tariff was approved on September 28, 2010 in Decision No. 71902. Water shortages, turn-offs and augmentation charges in its various systems also spawned a host of formal complaints. Payson was one of the Companies sold to J.W. Holdings in 2013 pursuant to a confidential Stock Purchase Agreement.

Navajo provided water service in the vicinity of Show Low, Navajo County, Arizona. Navajo had three separate systems: 1) Chaparral Pines System, 2) the Laguna Estates System, and 3) the Summer Pines System. Navajo was acquired by BUI in a stock purchase wherein Brooke acquired the outstanding stock of Richard S. Williamson in United Utilities. Navajo filed for a permanent rate increase in February 24 1999, which was granted in Decision No. 62631 dated March 6, 2000. E-Docket shows applications for a curtailment tariff, water augmentation tariff and cross-connect tariffs; suggesting that water shortages were also an issue. There was nothing remarkable in E-Docket with respect to BUI's management.

Finally, Tonto Basin had an active Order to Show Cause (OSC) pending prior to the time it was acquired by BUI in 1996. The Complaint alleged that the prior owner had: 1) failed to pay APS

electric bills violating A.R.S. Section 40-361(B); 2) failed to file main extension agreements with the Commission for approval, violating A.A.C. R14-2-406(M); 3) failed to make appropriate refunds of advances paid under main extension agreements, violating R14-2-406(D) and (M); 4) failed to accrue interest to customers deposits, violating A.A.C. R14-2-403(B)(3); 5) failed to credit deposit interest to customer bills annually, violating A.A.C. R14-2-403(B)(4); failed to refund customer deposits after the customers established a twelve month "good payment" history, violating A.A.C. R14-2-403(B)(5); 6) failed to obtain Commission for the transfer of the Portal IV well, violating A.R.S. Section 40-285; 7) failure to provide adequate, efficient and reasonable service by not following proper customer deposit procedures, violating A.R.S. Section 40-361(B); and 8) failed to provide adequate, efficient and reasonable service by transferring a well asset violating A.R.S. Section 40-361(B). The Commission dismissed the Complaint after BUI provided documenting demonstrating that all issues had been resolved.

Thereafter, a scan of e-Docket indicates that this Company's history under BUI appears to be largely unremarkable. There were applications filed for curtailment tariffs, water augmentation fees and other similar items suggesting that water shortages may have been an issue for the Company. Tonto Basin was one of the companies sold to J.W. Holdings in 2013 pursuant to a Stock Purchase Agreement.

IV. STAFF ANALYSIS

Neither Brooke nor Circle City suffer from frequent water shortages which have plagued several of the other companies managed by Mr. Hardcastle in Arizona. However, like other systems he has managed, the plant in service is older and the asbestos piping is nearing the end of its useful life.

From an operational perspective, Staff Engineer Smaila reported that the mechanical plant for Brooke is in good operating condition. He also reported that the System Manager/Operator was proficient in his duties; although he lacked sufficient training in Pressure Reducing Valve operation and repair.

Financially, despite the fact that he has not been in for a rate case in many years, Brooke shows strong financial performance. However, some expense levels approved in the last rate case are considerably out of date suggesting a need for a rate review. Circle City has been operating at a loss for this same time period suggesting that the company should come in for a rate adjustment.

The Brooke and Circle City Companies' unplanned outage reports to the Commission do not suggest anything out of the ordinary. However, the August 2016 outage was more serious and probably the most serious outage in Brooke's history under Mr. Hardcastle's management. That outage underscores the need for substantial improvement in several areas including plant maintenance and repair, emergency reporting and customer responsiveness.

At the Special Open Meeting, concerns were raised about billing, lack of communication and rudeness at the Company's Customer Service Center.

Staff's analysis reveals that the source of these issues is multifaceted. Brooke faces a greater than normal risk of communication challenges during an outage because the manager member, Mr. Hardcastle, resides/works in California, the existing call center is located in Costa Rica, and the local operator is located in Parker. The Company primarily relies upon e-mail communications between the manager, the call center, and local operator. If any of these are not on e-mail for a period of time, communications will not be timely read and acted upon. This is exacerbated by Mr. Hardcastle's reluctance to provide a cell phone contact, either his personal or second cell phone.

Mr. Hardcastle is rarely in Arizona either to visit the companies he manages or to meet with County officials and customers. He was trying to manage the 3 day outage from a remote location in California while he was on a vacation which began prior to the outage..

During the outage, Mr. Hardcastle did not reach out to county and emergency personnel. One County official stated that the outage took place Sunday evening and he did not hear of it until Tuesday afternoon from a constituent. Not all customers were notified of the outage and given regular updates. Emergency management stated at the Special Open Meeting that they cannot do their part without everyone being informed. Another County official at the Special Open Meeting indicated that the problem with poor communications has been ongoing since Brooke took over the system.

This communications breakdown also manifested itself in the Emergency Operations Plan which the Company has put in place pursuant to ADEQ requirements. Mr. Hardcastle revised Brooks' EOP on August 29th to address deficiencies in the prior EOP. While the Plan calls for communications with and by the Company's President under certain levels of conditions, Mr. Hardcastle was not available at either the e-mail or phone numbers listed in the EOP.

The Company either failed to do immediate follow-up testing of the water to ensure it was safe or simply failed to inform the Commission and others that it had been done; so people were left wondering if the water was safe to drink. In the absence of any communication from the Company on the safety of the water, the Commission asked ADEQ to go out and test the water. The Company also failed to arrange for bottled water and non-potable water hauling and instead the County provided these services.

Finally, an informal Complaint was also recently filed in July, 2016 with the Commission's Consumer Services Section regarding a dispute about an easement. Brooke claims an easement for a high pressure water main which apparently runs across an individual's property. However, the easement was apparently not recorded. Brooke Lakeside's predecessor water company owners apparently installed a high pressure water main down the middle of the two parcels following the property line, according to Mr. Hardcastle. The two adjoining property parcels affected were at one time owned by different parties. The complainant bought the interest of the other parcel and now wants to build a structure across both parcels but the high pressure water main would be below the proposed structure. Mr. Hardcastle and the customer have apparently discussed several options including relocation of the main to the north side of the two parcels. The parties have not reached any agreement yet on what can be done. While such property disputes are normally under the

jurisdiction of the Superior Court, as an initial step, Staff believes that the Company should map the existing location of the underground high pressure water main on the affected parcel.

STAFF RECOMMENDATIONS

Staff believes the following recommendations will assist the Companies in resolving existing compliance issues and remedying existing operational consumer service concerns. Staff has spoken to Mr. Hardcastle, the managing member of the Companies, about these recommendations.

System, Operational and Engineering Recommendations

The Company should be required to (for Brooke unless otherwise indicated):

a) Contact ADWR to discuss a path to becoming immediately compliant with departmental requirements governing water providers and/or community water systems. (This applies to both Brooke and Circle City).

b) File an application for a Curtailment Tariff with the Commission.

c) Refile the Backflow Prevention Tariff utilizing the revised Cross Connection/Backflow Tariff form.

d) Repair the rusted areas of the 50,000 gallon storage tank and inspect the tank interior.

e) Recoat the interior of the 50,000 gallon storage tank with National Sanitation Foundation approved coating if the tank interior has been compromised.

f) Adjust or repair the altitude valve controlling flow to the 100,000 gallon storage tank to stop the water loss through the tank overflow piping.

g) Hire a trained technician to perform whatever is required to eliminate water loss at this location, if the operator is unable to adjust or repair the valve.

h) Provide means to train the operators in PRV diagnostics and repair.

i) Recondition the exterior surface of all tanks and develop a schedule for tank maintenance.

j) Sample the drinking water at several locations in the distribution system to assess the safety of continued utilization of the current asbestos-cement piping.

k) Install a meter on the backwash piping as soon as practical so that the water loss may be determined.

Consumer Service Recommendations

The Company should be required to (for both Brooke and Circle City)

a) Utilize the new Outage Reporting Form on the Utilities Division website for future outages.

b) Immediately notify not only the Commission, but the County Sheriff's Office, the County Office of Emergency Management, the County Board of Supervisors, (Other County Officials?), the Arizona Department of Environmental Quality, when an outage occurs as per the revised Emergency Operation Plan.

c) Include an Outage Message to all who call the Call Center of the outage and ensure it is updated as needed.

d) Conduct an outreach effort to obtain email addresses for a more timely notification to as many customers as possible.

e) Immediately schedule a customer service training program for Service Center employees with a set of metrics commonly used to assess service center performance. The Company shall chose among the metric in Exhibit D and provide Staff with targets, implementation dates and reporting requirements.

f) Development of a Company website where customers can obtain information.

g) Conduct an extensive outreach effort at least twice a year with city and county officials and customers to discuss communication, service quality and ideas for improvement.

h) Obtain a second cell phone for Mr. Hardcastle for business use and provide that phone number to officials mentioned in the Emergency Operations Plan (and any other designated individuals). The phone should have the ability to monitor emails and have other applications that might improve communication at critical times

i) During an outage of a magnitude similar to the August outage, Mr. Hardcastle shall commit to be present on-site or to have an individual who is authorized to make decisions in his absence.

j) Periodically update its Emergency Operations Plan approved by ADEQ on August 29, 2016 to include such things as a phone number and e-mail address for the Companies at which Mr. Hardcastle can be reached.

k) Make good faith efforts to resolve the easement dispute which is currently pending as an informal complaint; and map the Company facilities in the affected parcel.

Recommendations Regarding Financial Fitness

The Company should be required to (for both Brooke and Circle City):

a) File a System Improvement and Budget Plan with the Staff for review and input.

b) File a rate case by June 1, 2018, for both Brooke and Circle City with a test year ending not later than December 31, 2017. Compliance of the achievement of items herein shall be assessed in the Companies' rate cases.

CONCLUSION

Staff recommends that the Commission adopt the remedial measures recommended above or the Brooke Lakeside System and the City Circle Water Co. (as expressly noted).

FOR Thomas M. Broderick
Director
Utilities Division

TMB:nr\MAS

ORIGINATOR: Thomas M. Broderick

On this 20th day of September, 2016, the foregoing document was filed with Docket Control as a Utilities Division Memorandum & Proposed Order, and copies of the foregoing were mailed on behalf of the Utilities Division to the following who have not consented to email service. On this date or as soon as possible thereafter, the Commission's eDocket program will automatically email a link to the foregoing to the following who have consented to email service.

Mr. Robert Hardcastle
Brooke Water Company, LLC
Circle City Water Company, LLC
Post Office Box 82218
Bakersfield, California 93380

Mr. Thomas M. Broderick
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Ms. Janice M. Alward
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Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Mr. Dwight Nodes
Chief Administrative Law Judge, Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

By: Nanisha Ross
Nanisha Ross
Administrative Support Specialist

EXHIBIT A

MEMORANDUM

TO: Connie Walczak
Public Utilities Consumer Program Manager
Utilities Division

FROM: Frank M. Smaila
Utilities Staff Engineer
Utilities Division

DATE: September 9, 2016

RE: Brooke Water, LLC – Lakeside Water System (Service Interruptions)

INTRODUCTION

On August 26, 2016, Utilities Division Staff ("Utilities Staff" or "Staff") was informed that Brooke Water, LLC – Lakeside Water System ("Lakeside" or "Company") had several service interruptions beginning on August 21, 2016. Engineering Staff was instructed to inspect the water system and report findings to the Commissioners during a Special Open Meeting held on August 29, 2016 at 4:00 PM. Staff verbally reported the site inspection findings and after hearing additional testimony from the Company and customers, Staff was instructed to provide a written evaluation of the water system and present findings at the October open meeting. This Memorandum constitutes Staff's evaluation of the Lakeside water system.

DESCRIPTION OF THE WATER SYSTEM

The plant facilities were field inspected on August 29, 2016, by Staff Engineer Frank Smaila in the accompaniment of Mr. Dale Allred water system operations superintendent. Lakeside water system main and only water source is the Colorado River. Two 10 horsepower ("hp") pumps are utilized to transfer river water to two pressure sand filters.[1] Pressure filter backwash is sent to two 50,000 gallon lined backwash ponds. The filtered water is chlorinated and sent to a 50,000 gallon storage tank. This storage tank utilizes a 25 hp booster pump to deliver the chlorinated drinking water to two storage tanks[2] and one pressure reducing valve ("PRV") which then delivers the drinking water to approximately 800 primarily residential connections. Water main information shown in Table 1 was acquired from the Company's 2015 Annual Report. The majority of the distribution system piping is made of asbestos cement ("AC"). A system schematic is shown as Figure 1.

Table 1. Water Mains

Size	2-inch	3-inch	4-inch	6-inch	8-inch
Material	AC	AC & PVC	AC	AC & DIP	PVC
Length, ft	2,300	3,900	22,125	19,400	5,150

Note: Asbestos Cement ("AC"), Polyvinyl Chloride ("PVC"), Ductile Iron Pipe ("DIP"), Feet ("ft").

[1] Pressure filters are used to remove solids from the river water.
[2] 1-300,000 gallon and 1-100,000 gallon storage tanks.

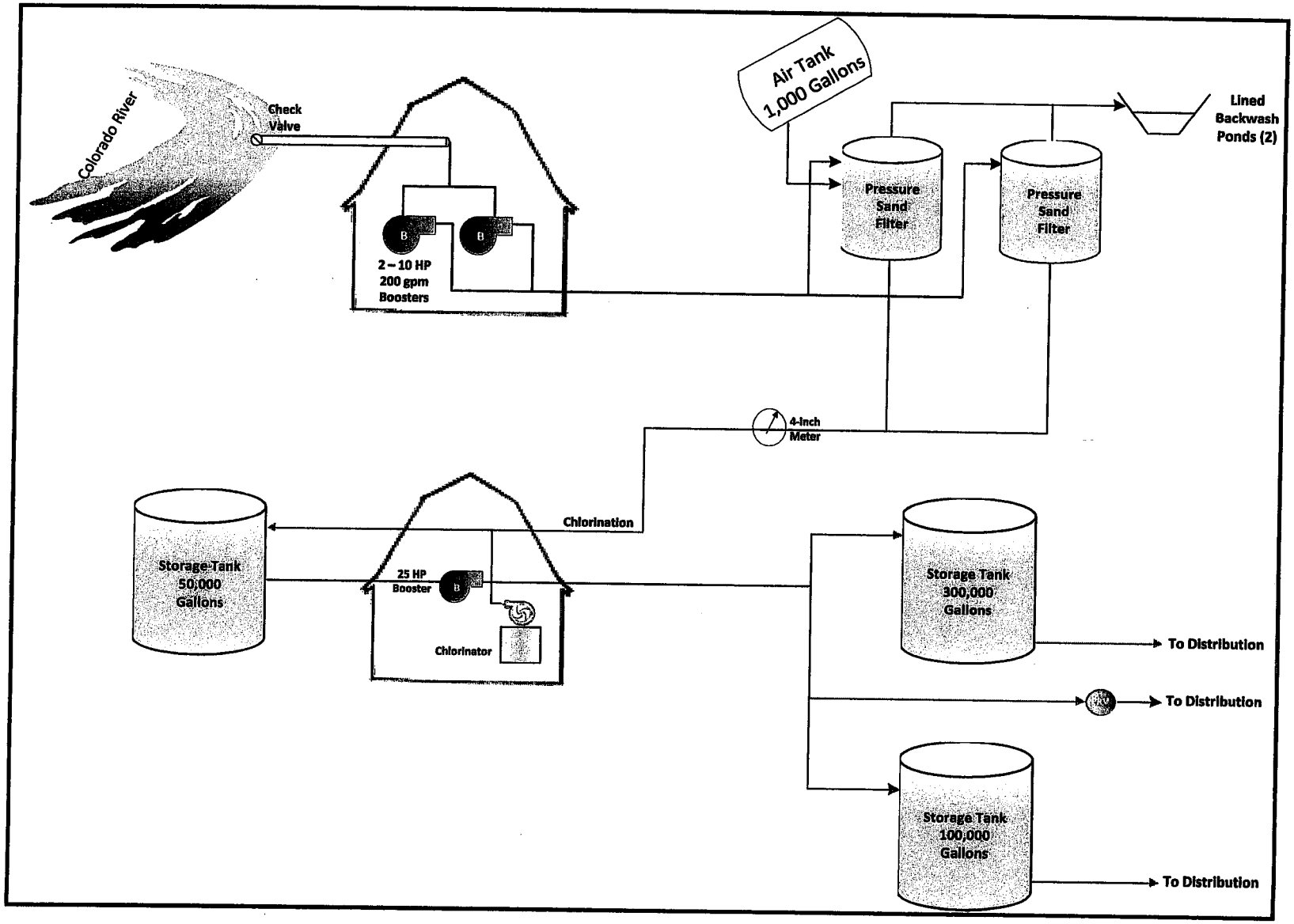

Figure 1. Water System Schematic

STAFF'S ANALYSIS

Based on the available water use data, reported by the Company in its 2015 Annual Report, Staff concludes that the Lakeside water system has adequate source production and storage capacity to serve the present customer base and reasonable growth. It is Staff's opinion that the mechanical equipment is in good working order and maintained adequately. It is also Staff's opinion that the exterior of all plant equipment made of steel has not been adequately maintained (See Other Issues Section for more detailed discussion). The majority of the distribution system piping is made of asbestos cement and the safety of the piping was questioned during the Special Open Meeting (See Other Issues Section for more detailed discussion). Mr. Allred supervises the operation of seven water systems and has approximately seven years of experience as a certified operator.[3] It is Staff's opinion that the Lakeside Water System operator, Mr. Allred, does a good job running the water system and is extremely conscientious but lacks experience and knowledge of the PRV which is an integral part of the distribution system (See Other Issues Section for more detailed discussion).

According to the Company the service interruptions were from five separate water line breaks over a three day period (August 21, 2016 thru August 23, 2016). Table 2 provides a breakdown of the water line breaks.

Table 2. Time Table of Water Line Breaks

Water Line Break ("WLB")	Location of WLB	WLB Repair Began	WLB Repair Completed	Comments
No. 1	Harbor Drive	8/21/16 @ 9:00 PM	8/22/16 @ 7:00 AM	WLB was isolated, 50 connections were effected.
No. 2	Marina Loop	8/22/16 @ 10:30 AM	8/23/16 @ 2:00 PM	Operator believes this WLB happened the same time as the 1st.
No. 3	Commercial Drive	8/22/16 @ 1:30 PM	8/22/16 @ 4:00 PM	All connections had service @ 7:00 PM except connections on Marina Loop.
No. 4	Harbor Drive	8/22/16 @ 8:00 PM	8/23/16 @ 12:00 PM	
No. 5	Marina View Drive	8/23/16 @ 1:30 AM	8/23/16 @ 4:00 PM	Non-Potable water was made available from LaPaz City on 8/23/16 @ 5:00 PM.

[3] Brooke Water, LLC also has an addition operator, Mr. Rick Romine. Mr. Romine has been a certified operator for 15 years.

Pressure Reducing Valve		8/23/16 @ 6:00 PM	8/23/16 @ 9:30 PM	Operator noticed PRV leaking thru small copper piping. Fixed leak and cleaned out PRV (rust found inside). Slowly introduced water to PRV but no change of pressure from high pressure side to low. EPCOR was called soon thereafter.
EPCOR Repaired PRV		8/24/16 @ 9:00 AM	8/24/16 @ 11:30 AM	EPCOR diagnosed issue with PRV and replaced diaphragm. Water service restored to all Lakeside connections on 8/24/16 @ 11:30 AM.

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY ("ADEQ") COMPLIANCE

Staff received ADEQ Drinking Water Compliance Status Reports dated September 7, 2016, in which ADEQ reported that the Brooke Water Systems, Public Water Systems ("PWS") No. 15-006, 15-010 (Lakeside), 15-011, 1527, 15-040, 15-058 and 07-112, are in compliance with ADEQ requirements and are currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.

ARIZONA DEPARTMENT OF WATER RESOURCES ("ADWR") COMPLIANCE

The Company is not located within an ADWR Active Management Area. Staff received Water Provider Compliance Status Reports dated September 1, 2016, in which ADWR reported that all Brooke Water LLC Water Systems were currently not in compliance with departmental requirements governing water providers and/or community water systems. Table 3 shows results of the information provided by ADWR. Staff recommends that the Company contact ADWR to discuss how the Company can become compliant with departmental requirements governing water providers and/or community water systems.

Table 3. ADWR Compliance

ADWR Community Water System Program[4]	**Public Water System Name & Number**						
	Circle City	**Moovalya Keys**	**Lakeside**	**Marina Village**	**Parker Dam**	**Rio Lindo**	**Holiday Harbor**
	07-112	**15-006**	**15-010**	**15-011**	**15-027**	**15-040**	**15-058**
Annual report filed on-time[5]	Compliant	Non-Compliant	Non-Compliant	Non-Compliant	Non-Compliant	Non-Compliant	Non-Compliant
System Water Plan filed on-time[6]	Non-Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant

[4] The Community Water System Program is the only ADWR program that is applicable to the Brooke Water LLC.
[5] If marked non-compliant. ADWR states "No Record of Submission for 2015 Annual Water Use Report".
[6] If marked non-compliant. ADWR states "No Record of Submission for 1st Update of their System Water Plan".

ACC COMPLIANCE

On September 6, 2016, the Utilities Division compliance database showed that the Company had no delinquent ACC compliance items.

OTHER ISSUES

1. Curtailment Tariff

The Company does not have a Curtailment Tariff on file. Staff recommends that the Company file an application for a Curtailment Tariff. The Curtailment Tariff application can be found at http://www.azcc.gov/divisions/utilities/water/forms.asp.

2. Backflow Prevention Tariff

The Company has an approved Backflow Prevention Tariff on file with an effective date of January 13, 1994, when the water system was owned by Consolidated Water Utilities, LTD. Staff recommends that the Company submit an updated Backflow Prevention Tariff utilizing the revised Cross Connection/Backflow Tariff form.[7] The revised Cross Connection/Backflow Tariff form can be found at http://www.azcc.gov/divisions/utilities/water/forms.asp.

3. Storage Tank-Rust

The Company incorporates three storage tanks (1-50,000 gallon, 1-100,000 gallon and 1-300,000 gallon) in the Lakeside water system. The 50,000 gallon unit located at the primary plant yard showed visible rust at the top of the tank. On closer inspection, with the Staff's camera telephoto lens, the rust seem to be quite extensive and the possibility of rust through to the tank interior is suspect and thus the interior integrity compromised. If the storage interior has been compromised the tank is no longer watertight which could allow entree of birds, animals, insects and excessive dust and contaminating and/or quality deterioration of the drinking water system. Staff recommends that the Company repair the rusted areas of the 50,000 gallon storage tank and inspect the tank interior. If the tank interior has been compromised, Staff further recommends that the Company recoat the interior with and National Sanitation Foundation approved coating. Photos 1 and 2 show some of the rusted areas of the 50,000 gallon storage tank.

4. Storage Tank-Overflow

Staff observed that the 100,000 gallon storage tank was overflowing drinking water. It is unknown how long the water has been overflowing the tank. At any rate, this overflow attributes to overall water loss. Water flows from the 50,000 gallon storage tank to the 100,000 gallon storage tank by booster pump. The water elevation in the 100,000 gallon tank is controlled by an altitude valve. The altitude valve controls the high water level in reservoirs without the need for floats or other devices. It is a non-throttling valve that remains fully open until the shut-off point is reached. Staff recommends that the Company adjust or repair altitude valve controlling flow to the 100,000 gallon storage tank to stop the water loss through the tank overflow piping. If the operator is

[7] The Cross Connection/Backflow Tariff form was revised April 3, 2008.

unable to adjust or repair the valve Staff further recommends that the Company hire a trained technician to preform whatever is required to eliminate water loss at this location.

5. Pressure Reducing Valve ("PRV")

All drinking water is distributed from the 50,000 gallon storage tank which resides at a high elevation. The PRV is utilized to reduce the water pressure delivered to customers in low lying areas. If the PRV was not utilized the water pressure in the low lying areas would be well over 100 psi. It is surmised that the PRV failed on August 21, 2016 resulting in the first waterline break on Harbor Drive. After four more waterline breaks occurred the operator noticed, on August 23, 2016 at 4:00 PM, that a small diameter copper line, that was part of the PRV, was leaking. This line was repaired along with cleaning out the valve interior and the operator slowly introduced water to the PRV. During this process the operator noticed that the PRV was not operating properly. So instead of possibly incurring more waterline breaks due to high pressure the operator choose to curtail service to that part of the distribution system served by the PRV. It is Staff's understanding that at that time, approximately 9:30 PM, a call for assistance had gone out to other water companies. EPCOR sent a specialist to the site the next morning and had the PRV repaired and operating at 11:30 AM. At that time the effected waterlines were flushed and chlorinated. Drinking water was reintroduced to the affected areas shortly after chlorination.

Since the PRV is an integral part of the water system it is imperative that the operators have knowledge of the operation of the PRV. Staff recommends that the Company provide means to train the operators in PRV diagnostics and repair.

6. Plant Equipment Maintenance

Staff observed that the exterior surface of the air tank, storage tanks and both pressure sand filter tanks have areas of surface rust. Surface rust itself is not an issue but it points to the fact that the tanks have not been maintained which has allowed the surface rust and more extensive rust on the 50,000 gallon storage tank to occur. Staff observed that the paint on all tanks has greatly degraded and is in need of repainting. Staff recommends that the Company recondition the exterior surface of all tanks and develop a schedule for tank maintenance.

7. Asbestos Cement Pipe ("AC")

During the Special Open Meeting a Brooke Water, LLC customer questioned the safety of utilizing asbestos cement piping in the drinking water system. AC pipe has been installed in water systems in North America starting in the 1930s and up until the early 1980s, mainly as an affordable, non-corroding alternative to metallic pipes in areas prone to corrosion. Health concerns associated with the mining, installation, removal, and disposal of asbestos products ended the selection and installation of new AC pipe, although there was no evidence of water-born fiber related illnesses. Estimates of the current level of AC pipe inventory still in operation (as of the mid-1990s) in North America were as high as 12 to 15 percent of all potable water mains.[8]

[8] AC inventory as of mid-1990's from 2013 Water Research Foundation.

The Company is subject to mandatory participation in the Monitoring Assistance Program ("MAP").[9] MAP only conducts sampling at the entry point of the distribution system ("EPDS"). According to ADEQ the asbestos sampling frequency for Lakeside water system is once every 9 years. MAP last analyzed for asbestos in February of 2013 and the results were nearly non-detect. Staff recommends that the Company sample the drinking water at several locations in the distribution system to assess the safety of continued utilization of the current asbestos-cement piping.

8. Water Loss

In the Company's annual report, both past and present, the Company did not provide the amount of gallons pumped from the Colorado River and thus the water loss calculation cannot be determined. According to the operator, the gallons pumped cannot be determined because the water used for backwashing the pressure sand filters does not incorporate a meter indicating the amount of backwash water utilized. Staff recommends that the Company install a meter on the backwash piping as soon as practical so that the water loss may be determined.

CONCLUSIONS

Based upon Staff's site visit and analysis of information obtained regarding the Company's operations, the Engineering Division makes the following conclusions that:

1. Lakeside water system's main and only water source is the Colorado River. The water system consists of two 10 hp pumps, two pressure sand filters, two 50,000 gallon lined backwash ponds, one chlorinator, three storage tanks, one booster pump, one pressure reducing valve and a distribution system serving approximately 800 primarily residential connections.

2. The Lakeside water system has adequate source production and storage capacity to serve the present customer base and reasonable growth.

3. The mechanical equipment appears to be in good working order and maintained adequately.

4. The majority of the distribution system piping is made of asbestos cement.

5. Mr. Dale Allred, Brooke Utilities, Inc. operation superintendent, supervises the operation of Lakeside water system and six other water systems and has approximately seven years of experience as a certified operator. It is Staff's opinion that Mr. Allred does a good job running the water system and is extremely conscientious but appears to lack experience and knowledge of the pressure reducing valve.

[9] Participation in the MAP program is mandatory for water systems, which serve less than 10,000 persons (approximately 3,300 service connections).

6. The Lakeside water system experienced service interruptions from five separate water line breaks over a three day period (August 21, 2016 thru August 23, 2016).

7. All of Brooke Water Systems, PWS No's 15-006, 15-010, 15-011, 1527, 15-040, 15-058 and 07-112, are in compliance with ADEQ requirements and are currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.

8. The Company is not located within an ADWR Active Management Area and all Brooke Water LLC Water Systems are currently not in compliance with departmental requirements governing water providers and/or community water systems.

9. According to the ACC Utilities Division compliance database, the Company has no delinquent Commission compliance items.

10. The Company does not have a Curtailment Tariff on file.

11. The Company has an approved Backflow Prevention Tariff on file with an effective date of January 13, 1994 when the water system was owned by Consolidated Water Utilities, LTD.

12. The 50,000 gallon storage tank has extensive rust and possibly the interior has been compromised.

13. The exterior surface of all tanks have surface rust and degrading paint.

14. The water loss cannot be calculated due to the Company not measuring the backwash water utilized.

15. The 100,000 gallon storage tank was overflowing drinking water contributing to overall water loss

RECOMMENDATIONS

With respect to the concerns and/or deficiencies noted by Staff, the Engineering Division recommends that the Commission require:

1. The Company contact ADWR to discuss a schedule for becoming compliant with departmental requirements governing water providers and/or community water systems.

2. The Company file an application for a Curtailment Tariff.

3. The Company refile the Backflow Prevention Tariff utilizing the revised Cross Connection/Backflow Tariff form.

4. The Company repair the rusted areas of the 50,000 gallon storage tank and inspect the tank interior.

5. The Company recoat the interior with National Sanitation Foundation approved coating [if the tank interior has been compromised].

6. The Company adjust or repair the altitude valve controlling flow to the 100,000 gallon storage tank to stop the water loss through the tank overflow piping.

7. The Company hire a trained technician to preform whatever is required to eliminate water loss at the 100,000 gallon storage tank, if the operators unable to adjust or repair the valve.

8. The Company provide means to train the operators in PRV diagnostics and repair.

9. The Company recondition the exterior surface of all tanks and develop a schedule for tank maintenance.

10. The Company sample the drinking water at several locations in the distribution system to assess the safety of continued utilization of the current asbestos-cement piping.

11. The Company install a meter on the backwash piping as soon as practical so that the water loss may be determined.

12

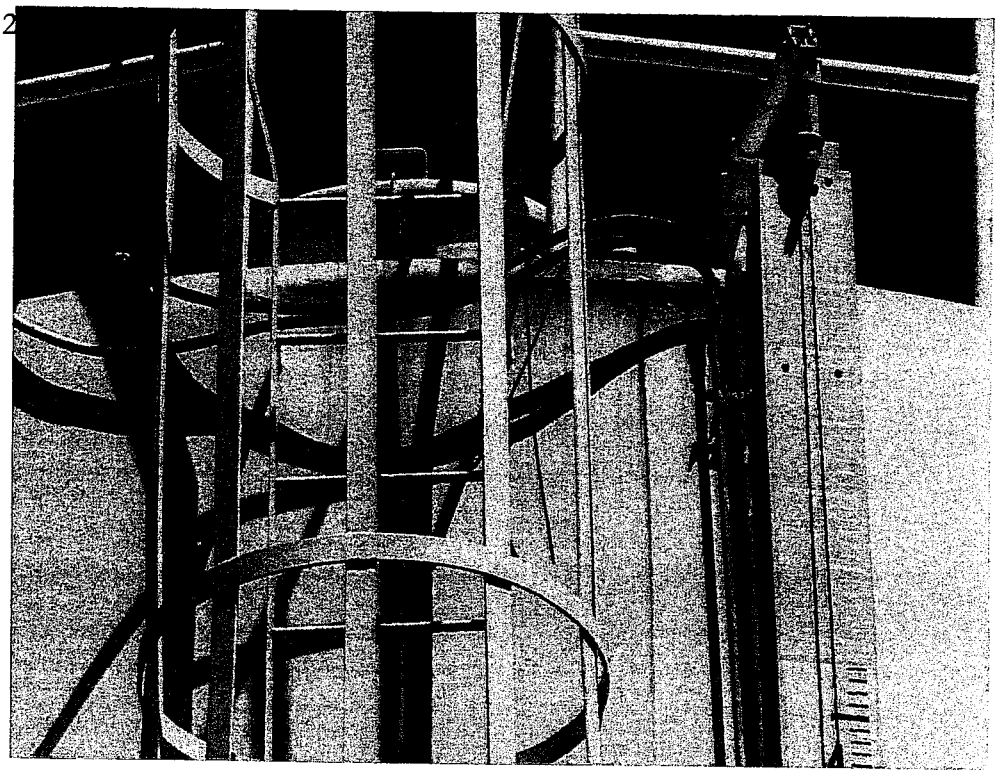

Photo 1. Extensive Rust near Ladder

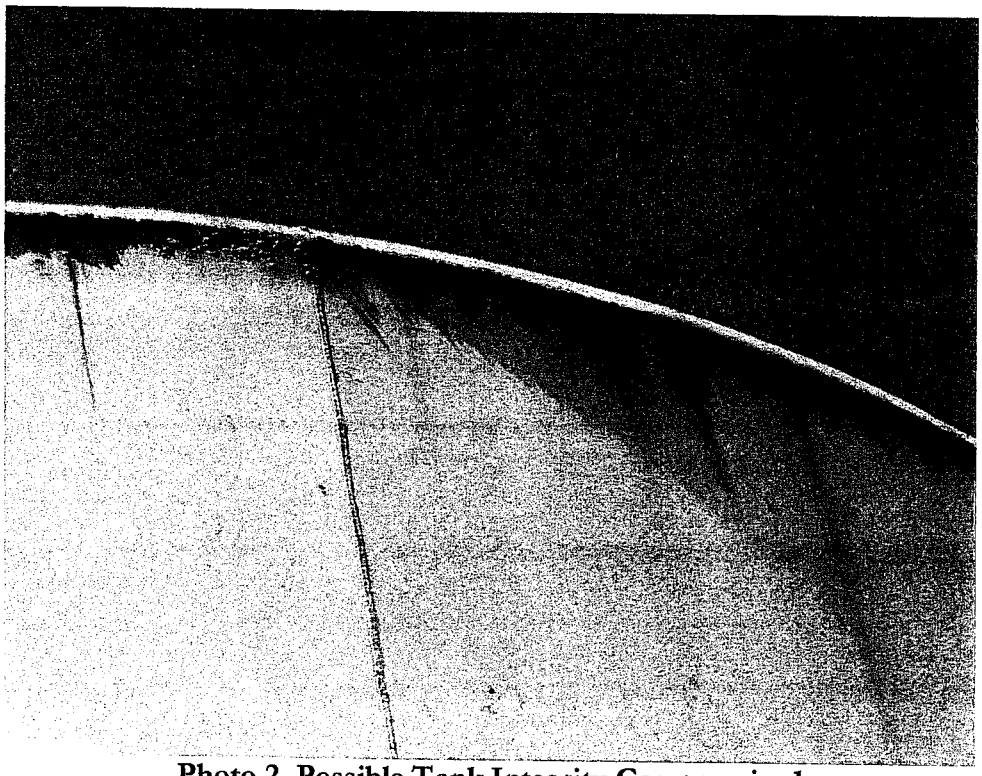

Photo 2. Possible Tank Integrity Compromised

EXHIBIT B

CONSUMER SERVICES SECTION REPORT AND RECOMMENDATIONS

MEMORANDUM

OUTAGE and EVENT SUMMARY

BROOKE WATER, LLC.

History

Per Decision No. 60972, effective June 19, 1998, Brooke Utilities was granted a geographic regrouping and transferring of the water systems to result in operating, administrative and regulatory report efficiencies. There was no change in terms of rates and tariffs, ownership, management, or operations of the current water systems.

The new organizational chart *was* as follows:

Brooke Water, Circle City Water Co., LLC., Tonto Basin Water Co., Inc., Payson Water Co., Inc., Pine Water Co., Inc, Strawberry Water Co., Inc., and Navajo Water Co., Inc.

Current companies managed by Bob Hardcastle are Brooke Water, L.L.C and Circle City Water. See attached Company Status.

Tariffs for Brooke Water have been in effect since April 1, 1994 and Circle City Water Co. have been in effect since January 8, 1998. See attached tariffs.

Prior to Brooke Utilities taking over from the previous owner, Rich Williamson, the systems were in a deteriorating state. Customers had billing issues, water service issue and often were without water. Customers were happy about the projected changes. Bob Hardcastle met with Staff to advise the way he would be managing the company. He and his assistant would be handling all customer calls from their office in Bakersfield, CA.

Money was put into the systems, things began to improve. Customers received attention. Major issues were the moratorium's already in place for Geronimo Water, Myrtle Ridge System and Pine Water due to historical water shortages in and around these areas. Pine Water's moratorium was modified in Decision No. 64400 effective January 31, 2003, allowing the Company to initiate up to 25 new connections per month. New Pine Water connection requests were placed on a waiting list. Customers were happy.

Summers and warm weather holidays have always been a challenge for Brooke Utilities systems. Curtailment Tariffs were utilized and Payson Water's Mesa del Caballo System had numerous curtailment violations as water usage was monitored. Several were addressed in Formal Complaints. Emergency water augmentations tariffs were approved for Mesa del

Caballo in Decision No. 71902, allowing Payson Water to bill customers the cost of water hauling and East Verde Park in Decision No. 72567 effective June 20, 2014.

In 2013, J. Williamson Holdings purchased all Brooke Utilities companies except Brooke Water and Circle City Water Co., L.L.C., which Bob Hardcastle continues to own and manage.

CURRENT ISSUES – Lakeside Water Outage

During the evening of Sunday August 21, 2016, the Lakeside Water System (Lower) experienced a failed high pressure reducing valve. After working almost all night, two additional leaks erupted. This was reported to Staff on August 22, 2016 at 1:44 pm. On August 23, 2016 at 7:09 am Bob Hardcastle provided an update advising worked through the night (again) repairing water main leaks caused by a failed pressure relief valve, some different customers are without water that were not previously affected, working diligently on the problem, believe a resolution may be made in the next several hours. An update was received via email on Tuesday August 23, 2016 at 7:18 pm advising work continues making additional repairs to control valves and main line piping. Non-potable water available from La Paz County Emergency Services Dept, gave location.

Bob Hardcastle contacted a third party, EPCOR Water, to assist the following day to focus on permanent leak repair, reconstruction of effected sites, and rebuilding/replacement of the failed PRV. He also provided email notice to his Lakeside customers regarding La Paz County Emergency Services Department providing non-potable water at the corner of Commercial Dr. at the Welding Shop. (Outage and Status Updates-attachment)

Attempts were made by Staff to reach Mr. Hardcastle multiple times throughout the outage. The La Paz County Sheriff's office called to see if we could contact Mr. Hardcastle or provide a number. King Clapperton, La Paz County Board Supervisor called advising he was also unable to reach Mr. Hardcastle. We had the same telephone numbers the County Officials were calling to reach him. We agreed to get their messages to him if we were able to make contact. A timeline showing all efforts to reach the Company and email string is attached.

Consumer Services began receiving calls Tuesday afternoon about the same time the County called. Some customers didn't want to be identified to the Company, fearing retaliation, Staff agreed to not include their names in our database. During the outage, Staff reviewed previous outages and customer complaints. See attached customer complaint history (2005-2016), outage history (2016) and most common complaint categories for High Bills, Customer Service and Unable to Reach the Company issues.

Mr. Hardcastle was emailed to advise the County Agencies were requesting he contact them. See attached email.

On August 24, 2016 at 6:28 am, Company email advised, approximately 7:30 pm on August 23rd water service began to slowly return to interrupted customers service sites. Complete pressurization of the system completed about 10:00 pm. In this email Mr. Hardcastle advised the Company had followed its Emergency Operations Plan ("EOP"), discussed by Engineering, and made the decision to handle the issue at hand rather than try to respond to any incoming calls. They can't do everything, so they did what they felt needed to be done. Repair the system. See attached email.

CONCLUSION

The Lakeside outage extenuating circumstances regarding notification could have and should have been handled more efficiently. Customers who had provided their email addresses, if updated, received notices and updates. If a customer didn't register his email address, he did not. Notifying the La Paz County Officials and Arizona Department of Environmental Quality ("ADEQ") was clearly over looked. Notifying Consumer Services earlier in the process would have been most helpful. See attached Rule regarding outage reporting and provision of service.

Company did not respond to customers that had not provided email addresses.

During the Special Open Meeting, customers discussed trouble in resolving high bill complaints, bill disputes, quality of service, rude handling by the Company and no call backs. See attached report for each company for these issues – 1/2005 to 9/2016.

Mr. Hardcastle was questioned about the number of outages his companies had experienced. He said he didn't have that information in front of him. Per Staff's records, five unplanned outages have occurred in 2016 for Brooke Water Systems. One unplanned outage occurred for Circle City Water, which happened on August 25, 2016. See attached outage forms.

RECOMMENDATIONS

Since this outage occurred, the Utilities Division has implemented a fillable, easy to submit Outage Reporting Form on its website providing a telephone number and email address Outage@azcc.gov.

When an outage occurs, Staff recommends Company notify the County Sheriff's Office.

Staff recommends the Company notify the County Office of Emergency Management.

Staff recommends the Company notify the County Board of Supervisors.

Staff recommends the Company notify ADEQ.

Staff recommends the Company include an Outage Message to all who call the Call Center of the outage and ensure it is updated as needed.

Staff recommends the Company begin an outreach effort to obtain from as many customers as possible, email addresses for a more timely notification.

Staff recommends better communication between the Customer Service Center and Brooke Water's customers and,

Staff recommends the Company engage Customer Service training for their Service Center employees. Consumer Services Staff has heard this same customer complaint for years. It has been brought to Mr. Hardcastle's attention on several occasions. How a Company treats its customers is not addressed in the Rules and Regulations, however, a good working relationship with customers and treating them with respect would be a positive thing.

Connie Walczak
Manager Consumer Services

COMPANY STATUS

Current Companies own and operated by Robert Hardcastle

Brooke Water, L.L.C.
Circle City Water

Water Companies previously owned and operated by Robert Hardcastle

Navajo Water Co., Inc.
Payson Water Co., Inc. *
Tonto Basin Water Co., Inc. **

* Payson Water CO., Inc. is comprised of the following systems:

1. C & S Water Co., Inc.
2. Deer Creek
3. East Verde Park
4. Flowing Springs
5. Geronimo Estates
6. Mesa Del Caballo
7. Myrtle Ridge
8. Whispering Pines
9. Tonto Creek Shores
10. Meads Ranch
11. Gisela Water Co

Star Valley / Quail Valley – No longer part of Payson Water Co.

** Tonto Basin Water Co., Inc. is comprised of the following systems:

1. Cactus Forest
2. Tonto Basin
3. Roosevelt Lake Estates
4. North Bay Estates
5. Roosevelt Gardens East
6. Roosevelt Gardens West

E & R = Pine Water Co., Inc and Strawberry Water Co., Inc.
Williamson Waterworks became United Utilities
United Utilities became Brooke Utilities on 6/19/1998 per Decision No. 60972

ORIGINAL Applies to Colorado River Division

PART ONE

STATEMENT OF CHARGES
WATER SERVICE

I. RATES

In Opinion and Order No. 58528, dated February 2, 1994, as amended by Opinion and Order No. 58559, dated March 16, 1994, the Commission approved the following rates and charges to become effective with January 1, 1992 usage and April 1, 1994 billings:

Meter Size	Usage Included in Minimum Charge	Minimum Charge
Inches	Gallons	Per Month
A. General Residential Service		
5/8" x 3/4" Meter	-0-	$ 16.90
3/4" Meter	-0-	22.50
1" Meter	-0-	24.50
1 1/2" Meter	-0-	34.00
2" Meter	-0-	79.00
3" Meter	-0-	104.00
4" Meter	-0-	125.00
6" Meter	-0-	175.00

THE RATE FOR USE IN ADDITION TO THE MINIMUM STATED ABOVE SHALL BE THE SAME FOR ALL SIZES OF METERS. ALL ADDITIONAL USAGE SHALL BE AT THE RATE OF $3.93 PER 1,000 GALLONS.

Issued March 16, 1994 Effective April 1, 1994

ISSUED BY:

Mancelyn Howard, General Manager
Consolidated Water Utilities, Ltd.
P. O. Box 17710
Phoenix, Arizona 85011

APPROVED FOR FILING
DECISION #: 58559

)-00011
/RICS/44286

ORIGINAL RECEIVED

2000 NOV -8 P 12:22

AZ CORP COMMISSION
DOCUMENT CONTROL

ACC Decision Date:	January 8, 1988
ACC Docket No.	W-~~02075A-98-0074~~ 03510A-98-0073
ACC Decision No.:	55839 (unanimous)
ACC Commissioners:	Weeks, Jennings, Morgan
Effective Date of New Rates:	January 1, 1988
Maricopa County Environmental Service Dept. SDWA Compliance Date:	October 14, 2000
Owned By:	Circle City Water Co., L.L.C.
Owner Address:	P.O. Box 82218
Owner City, State, Zip Code:	Bakersfield, CA 93380-2218
PWS#:	07-112
County of Operations:	Maricopa
Transferor (pursuant to ACC Decision No. 60972)	Brooke Water L.L.C.
Transfer of Assets & CC&N Date:	July 6, 1998
Meter Reading Route Number:	7033
Prior ACC Rate Application Decision and Date:	No. 50232 dated December 7, 1979
Ownership Type:	Limited Liability Company

Monthly Usage Charges:

5/8" X 3/4" meter	$	10.75
3/4" meter	$	22.00
1" meter	$	35.00
1-1/2" meter	$	75.00
2" meter	$	100.00
3" meter	$	125.00
4" meter	$	150.00
6" meter	$	175.00
Gallons Included in Base Rate		2,000
Fire Hydrants	$	7.00

Commodity Charge:

Per 1,000 gallons	$	1.95

Service Line and Meter Installation Charges:

5/8" X 3/4" meter	$	175.00
3/4" meter	$	185.00
1" meter	$	225.00
1-1/2" meter	$	475.00
2" meter	$	550.00
3" meter		Cost
4" meter		Cost
6" meter		Cost

APPROVED FOR FILING

DECISION #: 60972

Service Charges:

Establishment	$	25.00
Establishment (after hours)	$	25.00
Reconnection	$	25.00
Reconnection (after hours) Excluding Non-pays	$	35.00
Security Deposits		A.A.C. R14-2-403 (B) See Deposit Schedule
Deposit Interest (per A.A.C. R14-2-403 (B))		6.00%
Re-establishment (within 12 months)		Months off system X minimum A.A.C. R14-2-403 (D)
Non-sufficient Funds Payment	$	15.00
Deferred Payment Interest Charge (per month)		1.50%
Meter Re-read (if correct and not error)	$	10.00
Meter Test	$	15.00
Late Payment Penalty (per month)		1.50%
Collection of State and Local Taxes		A.A.C. R14-2-608 (D)(5)

Connie Walczak

From: Michael Buck
Sent: Tuesday, August 23, 2016 5:09 PM
To: UTIL-OutageII
Subject: OUTAGE II - BROOKE WATER, LLC.

PER: Brooke Water, LLC
TELEPHONE NO.: 661-633-7526
COMPANY: Lakeside (lower) Water System
WHAT: OUTAGE
WHEN: Monday, August 22, 2016 @ 1:30 p.m.
WHERE: Parker, AZ
GEOGRAPHIC LOCATION OF COMPANY: Parker, AZ.
CAUSE: Water leaks.
ACTION: Tech on site.
DURATION: ??????????
CUSTOMERS AFFECTED: 100

ADDITIONAL INFORMATION:

After working on a water main repair almost all night, two additional water leaks have erupted on the lower Lakeside water system. The water service has been interrupted to at least 100 customers in this area. Operations and construction crews are on-site attempting to return to service as quickly as possible. No projected time for service return is being forecast at this time. We will endeavor to return the system to service as quickly as possible and keep customers informed as repairs progress.

Thanks you for your patience.

WHO DAMAGED UTILITY'S PROPERTY: n/a

Deborah Reagan

From: Michael Buck
Sent: Wednesday, August 24, 2016 11:58 AM
To: UTIL-OutageII
Subject: OUTAGE II - BROOKE WATER, LLC

*****FINAL*****FINAL*****FINAL*****FINAL

PER: Brooke Water, LLC
TELEPHONE NO.: 661-633-7526
COMPANY: Lakeside (lower) Water System
WHAT: OUTAGE
WHEN: **Sunday, August 21, 2016 @ 9:00 p.m. to Tuesday, August 23, 2016 @ 7:30 p.m.**
WHERE: Parker, AZ
GEOGRAPHIC LOCATION OF COMPANY: Parker, AZ.
CAUSE: **Failed high pressure reducing valve.**
ACTION: Tech on site.
DURATION: **44 hours 30 minutes**
CUSTOMERS AFFECTED: 200 (see comments below)

ADDITIONAL INFORMATION: - Please see email string from Company.

After working on a water main repair almost all night, two additional water leaks have erupted on the lower Lakeside water system. The water service has been interrupted to at least 100 customers in this area. Operations nd construction crews are on-site attempting to return to service as quickly as possible. No projected time for ervice return is being forecast at this time. We will endeavor to return the system to service as quickly as ossible and keep customers informed as repairs progress.

Thanks you for your patience.

****

rom: Brooke Utilities [mailto:bui_info@brookeutilities.com]
ent: Tuesday, August 23, 2016 7:18 PM
ubject: Lakeside Water Outage (Update status)

ate: **August 23, 2016**
ime: **1910 hours**
e: **Lakeside Water Outage (status)**

he Operations and construction people remain on-site making additional repairs to control valves and ain line piping. The La Paz County Emergency Services Department has located a NON-POTABLE nergency water source at the corner of Commercial Dr. at the Welding Shop which is available to ustomers as needed. REMINDER – THIS IS A NON-POTABLE WATER SOURCE NOT PPROPRIATE FOR HUMAN CONSUMPTION!! Ops and construction resources will continue to ork on the problem until a resolution has been established. Resources from a third party contractor ere expected to arrive earlier today but could not commit to being on-site until tomorrow morning. This

emergency condition has stretched all available resources to the maximum and we are dealing with it to the best of our ability.

We will provide additional updates as they are available. We thank our customers for their continued patience and understanding.

Brooke Water LLC

From: Bob Hardcastle [mailto:rth@brookeutilities.com]
Sent: Wednesday, August 24, 2016 6:28 AM
To: Connie Walczak <CWalczak@azcc.gov>
Cc: Dale Allred <DaleA@brookeutilities.com>
Subject: RE: Lakeside Water System - Brooke Water

The Lakeside (LKS) water outage in Parker, AZ occurred approximately 2100 hours on Sunday, August 21. Subsequently determined, the cause of the problem stemmed from a failed high pressure reducing valve (PRV) that is located between four sections of customers separating upper LKS from lower LKS. The customers are separated by various pressure zones because of elevation differences in the service areas. A PRV holds back high pressure on one side of a valve against lower pressure on the other side of the valve.

Operations staff was on-site at 2130 hours on August 21 and remained on-site (with little rest) through approximately 2230 hours on August 23. Water service began to slowly return to interrupted customer service sites about 1930 hours on August 23. Complete pressurization of the system was completed at approximately 2200 hours on August 23. Ops and construction staff verified operational condition of the water system at approximately 0600 hours on August 24.

At approximately 0730 hours on August 23 the Company contacted other third-party sources of repair including EpCor Water (Lake Havasu/Bullhead City) to assist in returning customers to service. At first, the Company believed EpCor was available the same day. Subsequently, EpCor, better understanding what was needed at the sites, committed to additional operations service staff and equipment at 0830 hours on August 24. These third-party services will focus on permanent leak repair, reconstruction of effected sites, and rebuilding/replacement of the failed PRV.

Four customers' advisories and updates related to this condition were sent to customers via email at 2300 hours of August 20; approximately 1000 hours on August 21; approximately 1400 hours on August 22; and, approximately 1600 hours on August 23. The Company implemented its Emergency Operations Plan (informally) at approximately 1900 hours on August 21. There are approximately 230 customers as members of the email advisory list. Numerous email advisory messages were returned as "undeliverable" as customers have not updated new email addresses since submitted to the Company. At various times of repair during this period as many as 200+ customers (and as few as 50+ customers) were out of service depending on pressure zones, repair status, and construction replacement.

<u>CUSTOMERS REINTRODUCING WATER TO THEIR SERVICE LOCATIONS SHOULD THOROUGHLY FLUSH THEIR WATER LINES BEFORE USE OR CONSUMPTION.</u>

The effect of a failed PRV allows high pressure to suddenly rush, uncontrolled, into the low pressure portion of a system. This condition causes subsequent high pressure to crack service lines, separate service lines, open control check valves, and cause severe water leakage. In some cases, water leaks cannot be detected for many hours later. Operations has been able to identify at least five or six separate locations

where this condition persisted as high pressure water rushed into the low pressure side of the water system and caused damages. In two locations severe damage to the water system was done. These water leaks must be corrected and repaired before newly pressurized water can be introduced into the system. In some cases leak repair is a tedious and lengthy process.

FAILED PRV'S, LIKE MANY OTHER WATER SYSTEM COMPONENTS, CANNOT BE PREDICTED WITH ANY CERTAINTY.

Operations will be engaged in subsequent permanent repairs and replacement of effected water system components. This process could require short-term water service interruptions while repairs are made. More than 230 customer contacts were made to the Company's CSC on August 21 and August 22. These calls were answered in the order received by not less than five full-time CSR's fielding these calls. Of course, not all calls could be received and numerous customer messages were left at the CSC message center.

The Company, of course, sincerely apologizes for this unpredictable inconvenience and, after assessing the damages and effect in subsequent days, will make monetary adjustments to customer accounts, as appropriate. The Company thanks ALL of its customers for their patience and understanding.

As of 0600 hours on August 24 the LKS water system is functioning normally.

RTH
RTH@jaco.com

From: Brooke Utilities [mailto:bui_info@brookeutilities.com]
Sent: Wednesday, August 24, 2016 6:39 AM
Subject: Lakeside Water System (UPDATE STATUS)

Date: August 24, 2016
Time: 0630 hours
Re: Lakeside Water System (UPDATE STATUS)

The Lakeside water system began slowly reintroducing pressurized water into the water system last night about 1900 hours. At approximately 2130 hours this process was completed and system returned to normal operating function.

The cause of the problem was an unpredictable failed pressure reducing valve that manages high water system pressure on one side of a valve. Failure of this valve allowed high pressure to rush into the lower pressure side of the water system and cause numerous severe damages through the system.

ALL CUSTOMERS SHOULD THOROUGHLY FLUSH THEIR WATER LINES BEFORE USE OR CONSUMPTION.

During the next few days subsequent repairs and replacement will be required to be made. There are likely to be short-term water service interruptions as part of this process. As of 0600 hours this morning the water system was operating normally.

WE APOLOGIZE FOR THIS EXTREME INCONVENIENCE. WE APPRECIATE THE PATIENCE AND UNDERSTANDING OF EVERY CUSTOMER DURING THIS TIME.

BROOKE WATER TIMELINE – LAKESIDE SYSTEM

8/21/16 – 8/23/16

(with planned outage 8/24/16-perm repairs)

- (BH) 8/22/16- Mon. 1:44 pm Initial Report – Main break + 2 addl leaks

  -wkd nearly all night

  -100 custs affected

  -No projected completion time

- (BH) 8/23/16- Tue. 7:09 am Water Outage Status **Update**

  -Wkd thru the night (again) repairing water main leaks caused by failed pressure relief valve.

  -Different customers are being affected than orig

- 8/23 (CW) 4:15 pm Cld BH, left msg advising Cty Sheriff's ofc, Cty Board & Customers trying to reach him
- (CW) 8/23/16-4:54 pm email to Tom, Staff

  - updates re: LaPaz County cls, customer cls

- (STAFF) - Five calls to Co.
- (CW) 8/23/16-5:03 pm email to WET Team

  -fowarded same email as to Tom, above

- (CW) 8/23/16-5:07 email to Bob – **Importance High**

  -Please provide outage status.

  -Calls received from LaPaz County Sheriff, questioning status

  -Calls from LaPaz County Supervisor – looking into providing water

- (BH) 8/23/16- 7:18 pm Outage **status** – Ops/Construction onsite

  -La Paz County Emergency Services Dept providing **NON-POTABLE**

Water at Commercial Dr. at Welding Shop available as needed
-Ops/Construction resources w/cont to work until resolution
-3rd party contractor will assist tomorrow (w/b planned outage to perform permanent repairs)

- (BH) 8/24/16- Wed. 6:28 am – Status **Update** Work complete

  -2 page detailed update with Note: "Customers reintroducing water to their service locations should thoroughly flush their water lines before use or consumption" and " [The Company]...after assessing the damages and effect in subsequent days, will make monetary adjustments to customer account, as appropriate."

- (BH) 8/24/16- 6:39 am – **Update Status**

  -water on 9:30 pm returned to normal function.
  -All Customers – thoroughly Flush lines

- (CW) 8/24/16- 8:30 am – email to Staff with above update
- (CW)8/24/16- 2:00 pm – Teleconference with agencies/Staff
- (CW) 8/25/16- 2:00 pm – Teleconference with agencies/Staff
- (CW) 8/25/16- 3:00 pm – Cld-Lft msg for BH, Dale Allred and Customer Service 800-27-9-6084
- (CW) 8/26/16- 7:55 am emailed BH advised 'again' County still waiting to hear from him & if lines had been chlorinated and flushed per ADEQ requirements- no mention of this in his reports. Very important-need info

  -(BH) 8:18 am- email, advd system flushed
  -(CW) 8:30 am- email, questioned last request for cust email update
  -(BH) 8:44 am- email, response to cust email update

- (CW) 8/26/16- 10:00 am – Meeting with State agencies/Staff
- (CW) 8/26/16- 2:00 pm- Teleconference with agencies/Staff
- (STAFF) 8/26/16 Returned cls to all Lakeside customers that had cld during outage to question water status & quality

  -all had water and were ok with service
- (CW) 8/26/16- 5:07 pm – emailed Bob Hardcastle memo & OM agenda
- (Smaila-Eng) 8/29/16 Staff engineer at location site visit, meeting with Dale Allred
- (CW) 8/29/16- 8:45 s/w Jodi – provided update/status
- (RH) 8/29/16- 9:00 am Bob called to discuss OM & agenda
- 8/29/16- Special Open Meeting – Commission Staff Meeting

Report by Connie Walczak

Brooke Water, L.L.C. W-03039A

	Complaints	Inquires	Opinions
2016	20	3	0
2015	17	2	0
2014	7	3	1
2013	18	1	0
2012	40	5	0
2011	22	10	0
2010	9	6	1
2009	11	4	0
2008	12	4	0
2007	7	2	0
2006	7	6	0
2005	9	5	0

Circle City Water Co., LLC W-03510A

	Complaints	Inquires	Opinions
2016	0	1	0
2015	3	0	0
2014	1	0	0
2013	0	0	0
2012	13	2	0
2011	5	1	0
2010	0	1	0
2009	0	0	0
2008	2	0	0
2007	1	1	0
2006	6	1	0
2005	1	4	0

Navajo Water Co., Inc. W-03511A

	Complaints	Inquires	Opinions
*2013	2	1	0
2012	19	0	0
2011	17	2	0
2010	1	0	0
2009	0	0	0
2008	4	0	0
2007	5	0	0
2006	2	3	0
2005	2	0	0

Payson Water Co., Inc. W-03514A

	Complaints	Inquires	Opinions
*2013	11	9	1
2012	61	9	0
2011	81	33	5
2010	12	11	7
2009	25	9	0
2008	9	5	0
2007	17	4	1
2006	13	2	0
2005	9	4	1

Tonto Bason Water Co., Inc. W-03515A

	Complaints	Inquires	Opinions
*2013	8	1	0
2012	28	2	0
2011	13	2	0
2010	5	3	0
2009	4	0	2
2008	2	1	0
2007	1	0	0
2006	12	1	1
2005	2	1	0

***Owned & operated by Robert Hardcastle until they changed ownership on May 31, 2013.**

Pine Water Co., Inc. W-03512A

	Complaints	Inquires	Opinions
**2010	0	0	0
2009	8	5	1
2008	28	14	18
2007	67	27	59
2006	23	19	3
2005	15	14	16

Strawberry Water Co., Inc. W-03513A

	Complaints	Inquires	Opinions
**2010	0	0	0
2009	1	0	0
2008	8	4	0
2007	18	4	3
2006	0	1	1
2005	7	4	0

**Owned & operated by Robert Hardcastle until cancellation of their CC&N on April 6, 2010.

***Desert Utilities, Inc. W-02075A

From 1/1/2005 to Current Zero
Complaints, inquiries & opinions

High Country Water Co. W-02417A

From 1/1/2005 to Current Zero
Complaints, inquiries & opinions

***Pine-Oak Water Co. W-02396A

From 1/1/2005 to Current Zero
Complaints, inquiries & opinions

***E&R Water Co., Inc. W-01576A

From 1/1/2005 to Current Zero
Complaints, inquiries & opinions

***Williamson Waterworks, Inc. W-02137A

From 1/1/2005 to Current Zero
Complaints, inquiries & opinions

***United Utilities, Inc. W-01993A

From 1/1/2005 to Current Zero
Complaints, inquiries & opinions

***No longer listed in the Consumer Services database

.ightstorm, S. A.

all Center Statistics

eriod January 2016

1. Calls per Company

Company	Calls
BWCO	298
NWCO	0
PYCO	0
PWCO	1
SWCO	0
TBCO	0
CCCO	38
TOTAL	337

2. Calls per CSR

CSR	Calls
Krystell	212
Jose	125
VACANT	0
TOTAL	337

3. Calls per Type

	Type	Calls
A	Service on Request	29
B	Close Account (Service Off)	4
C	Statement & Payment Inquiry / Bill Copy	0
D	Meter Re-read Request	3
E	Payment Arrangement	2
F	Leak Report	3
G	Water Service Interruption / Conservation	0
H	Customer Account Inquiry	33
I	Credit Card Payment Process	189
J	Disconnections Related	6
K	Other	68
	TOTAL	337

4. Calls per Duration Tier

Duration	Calls
1 to 3	255
4 to 7	69
8 to 12	7
12 +	6
TOTAL	337

5. Calls per Week Tier

Week	Calls
Week #1 (From 4-8)	77
Week #2 (From 11-15)	65
Week #3 (From 18-22)	93
Week #4 (From 25-29)	102
	337

6. Average Calls per Day

Business Days	18
Inbound Calls	222
Outbound Calls (Voice Mail)	115
Total Calls out for Gas Price Changes	0
Average Calls per Day	20

Lightstorm, S. A.

Call Center Statistics

Period February 2016

1. Calls per Company

Company	Calls
BWCO	448
NWCO	0
PYCO	0
PWCO	0
SWCO	0
TBCO	1
CCCO	58
TOTAL	**507**

2. Calls per CSR

CSR	Calls
Krystell	223
Jose	284
VACANT	0
TOTAL	**507**

3. Calls per Type

	Type	Calls
A	Service on Request	35
B	Close Account (Service Off)	4
C	Statement & Payment Inquiry / Bill Copy	3
D	Meter Re-read Request	2
E	Payment Arrangement	3
F	Leak Report	5
G	Water Service Interruption / Conservation	12
H	Customer Account Inquiry	106
I	Credit Card Payment Process	257
J	Disconnections Related	23
K	Other	57
	TOTAL	**507**

4. Calls per Duration Tier

Duration	Calls
1 to 3	423
4 to 7	64
8 to 12	14
12 +	6
TOTAL	**507**

5. Calls per Week Tier

Week	Calls
Week #1 (From 1-5)	144
Week #2 (From 8-12)	132
Week #3 (From 15-19)	78
Week #4 (From 22-26)	75
Week #5 (From 29)	78
	507

6. Average Calls per Day

Business Days	21
Inbound Calls	326
Outbound Calls (Voice Mail)	181
Total Calls out for Gas Price Changes	0
Average Calls per Day	26

ightstorm, S. A.

ll Center Statistics

iod MARCH 2016

1. Calls per Company

Company	Calls
BWCO	389
NWCO	0
PYCO	0
PWCO	0
SWCO	0
TBCO	4
CCCO	83
TOTAL	476

2. Calls per CSR

CSR	Calls
Krystell	230
Jose	246
VACANT	0
TOTAL	476

3. Calls per Type

Type	Calls
Service on Request	26
Close Account (Service Off)	6
Statement & Payment Inquiry / Bill Copy	0
Meter Re-read Request	3
Payment Arrangement	4
Leak Report	3
Water Service Interruption / Conservation	5
Customer Account Inquiry	96
Credit Card Payment Process	257
Disconnections Related	34
Other	42
TOTAL	476

4. Calls per Duration Tier

Duration	Calls
1 to 3	390
4 to 7	74
8 to 12	11
12 +	1
TOTAL	476

5. Calls per Week Tier

Week	Calls
Week #1 (From 1-4)	134
Week #2 (From 7 -11)	100
Week #3 (From 14-18)	70
Week #4 (From 21-25)	81
Week #5 (From 28 - 31)	91
	476

6. Average Calls per Day

Business Days	23
Inbound Calls	317
Outbound Calls (Voice Mail)	159
Total Calls out for Gas Price Changes	0
Average Calls per Day	22

Lightstorm, S. A.

Call Center Statistics

Period APRIL 2016

1. Calls per Company

Company	Calls
BWCO	297
NWCO	1
PYCO	0
PWCO	0
SWCO	0
TBCO	0
CCCO	30
TOTAL	328

2. Calls per CSR

CSR	Calls
Krystell	165
Jose	163
Maria Fernanda	0
TOTAL	328

3. Calls per Type

	Type	Calls
A	Service on Request	40
B	Close Account (Service Off)	3
C	Statement & Payment Inquiry / Bill Copy	0
D	Meter Re-read Request	0
E	Payment Arrangement	5
F	Leak Report	2
G	Water Service Interruption / Conservation	1
H	Customer Account Inquiry	70
I	Credit Card Payment Process	170
J	Disconnections Related	14
K	Other	23
	TOTAL	328

4. Calls per Duration Tier

Duration	Calls
1 to 3	266
4 to 7	46
8 to 12	13
12 +	3
TOTAL	328

5. Calls per Week Tier

Week	Calls
Week #1 (From 1)	16
Week #2 (From 4-8)	93
Week #3 (From 11-15)	70
Week #4 (From 18-22)	52
Week #5 (From 25-29)	97
	328

6. Average Calls per Day

Business Days	21
Inbound Calls	269
Outbound Calls (Voice Mail)	59
Total Calls out for Gas Price Changes	0
Average Calls per Day	17

ightstorm, S. A.

ıll Center Statistics

riod: MAY 2016

1. Calls per Company

Company	Calls
BWCO	328
NWCO	4
PYCO	1
PWCO	0
SWCO	0
TBCO	4
CCCO	29
TOTAL	366

2. Calls per CSR

CSR	Calls
Krystell	102
Jose	190
Maria Fernanda	74
TOTAL	366

3. Calls per Type

Type	Calls
Service on Request	29
Close Account (Service Off)	2
Statement & Payment Inquiry / Bill Copy	4
Meter Re-read Request	0
Payment Arrangement	4
Leak Report	2
Water Service Interruption / Conservation	14
Customer Account Inquiry	104
Credit Card Payment Process	161
Disconnections Related	3
Other	43
TOTAL	366

4. Calls per Duration Tier

Duration	Calls
1 to 3	315
4 to 7	41
8 to 12	10
12 +	0
TOTAL	366

5. Calls per Week Tier

Week	Calls
Week #1 (From 3 - 7)	93
Week #2 (From 10-14)	81
Week #3 (From 17-21)	86
Week #4 (From 24-28)	100
Week #5 (From 31)	6
	366

6. Average Calls per Day

Business Days	21
Inbound Calls	294
Outbound Calls (Voice Mail)	72
Total Calls out for Gas Price Changes	0
Average Calls per Day	19

Lightstorm, S. A.

Call Center Statistics

Period: JUL 2016

1. Calls per Company

Company	Calls
BWCO	396
NWCO	2
PYCO	1
PWCO	0
SWCO	0
TBCO	0
CCCO	48
TOTAL	**447**

2. Calls per CSR

CSR	Calls
VACANT	0
Jose	447
VACANT	0
TOTAL	**447**

3. Calls per Type

	Type	Calls
A	Service on Request	21
B	Close Account (Service Off)	0
C	Statement & Payment Inquiry / Bill Copy	0
D	Meter Re-read Request	0
E	Payment Arrangement	2
F	Leak Report	2
G	Water Service Interruption / Conservation	0
H	Customer Account Inquiry	145
I	Credit Card Payment Process	274
J	Disconnections Related	0
K	Other	3
	TOTAL	**447**

4. Calls per Duration Tier

Duration	Calls
1 to 3	428
4 to 7	18
8 to 12	1
12 +	0
TOTAL	**447**

5. Calls per Week Tier

Week	Calls
Week #1 (From 1)	34
Week #2 (From 4 - 8)	90
Week #3 (From 11 - 15)	120
Week #4 (From 18 - 22)	64
Week #5 (From 25 - 29)	139
	447

6. Average Calls per Day

Business Days	21
Inbound Calls	221
Outbound Calls (Voice Mail)	91
Total Calls out for Gas Price Changes	0
Average Calls per Day	17

gntstorm, S. A.

Center Statistics

od:

Jun-16

1. Calls per Company

Company	Calls
BWCO	396
NWCO	2
PYCO	1
PWCO	0
SWCO	0
TBCO	0
CCCO	48
TOTAL	447

2. Calls per CSR

CSR	Calls
Stephannie	72
Jose	147
Dixon	83
Paula	88
Alex	57
TOTAL	447

3. Calls per Type

Type	Calls
Service on Request	21
Close Account (Service Off)	0
Statement & Payment Inquiry / Bill Copy	3
Meter Re-read Request	0
Payment Arrangement	2
Leak Report	2
Water Service Interruption / Conservation	0
Customer Account Inquiry	145
Credit Card Payment Process	271
Disconnections Related	0
Other	3
TOTAL	447

4. Calls per Duration Tier

Duration	Calls
1 to 3	428
4 to 7	18
8 to 12	1
12 +	0
TOTAL	447

5. Calls per Week Tier

Week	Calls
Week #1 (From 1 - 5)	34
Week #2 (From 8 - 12)	90
Week #3 (From 15 - 19)	120
Week #4 (From 22 - 26)	64
Week #5 (From 29 - 31)	139
	447

6. Average Calls per Day

Business Days	21
Inbound Calls	221
Outbound Calls (Voice Mail)	99
Other	
Average Calls per Day	17

. Calls per Company

Company	Calls
BWCO	653
NWCO	2
PYCO	3
PWCO	0
SWCO	2
TBCO	0
CCCO	41
TOTAL	701

2. Calls per CSR

CSR	Calls
Stephannie	121
Jose	206
Dixon	122
Paula	128
Alex	124
TOTAL	701

Calls per Type

Type	Calls
Service on Request	16
Close Account (Service Off)	0
Statement & Payment Inquiry / Bill Copy	9
Meter Re-read Request	1
Payment Arrangement	4
Leak Report	11
Water Service Interruption / Conservation	286
Customer Account Inquiry	119
Credit Card Payment Process	255
Disconnections Related	0
Other	0
TOTAL	701

4. Calls per Duration Tier

Duration	Calls
1 to 3	669
4 to 7	29
8 to 12	3
12 +	0
TOTAL	701

Calls per Week Tier

Week	Calls
Week #1 (From 1 - 5)	28
Week #2 (From 8 - 12)	66
Week #3 (From 15 - 19)	84
Week #4 (From 22 - 26)	445
Week #5 (From 29 - 31)	78
	701

6. Average Calls per Day

Business Days	24
Inbound Calls	510
Outbound Calls (Voice Mail)	167
Other	0
Average Calls per Day	28

Connie Walczak

From: Connie Walczak
Sent: Tuesday, August 23, 2016 5:07 PM
To: Bob Hardcastle <rth@brookeutilities.com> (rth@brookeutilities.com)
Subject: Lakeside Water System - Brooke Water

Importance: High

Bob,

Please advise status of the above water outage and plan for providing water to those without service. Staff has received calls from the County Sheriff and County Emergency Services questioning how to reach the Company for a status report.

aPaz County Emergency Services is setting up a database to track those in need of water and are looking into providing non-potable water and possibly purchasing drinking water.

lease provide an update as soon as possible.

hanks,
onnie

Connie Walczak

From:	Connie Walczak
Sent:	Wednesday, August 24, 2016 8:05 AM
To:	'Daniel Czecholinski'; Elijah Abinah; 'Trevor Baggiore'; 'Linda C. Taunt'; 'Misael Cabrera'; 'danb@countysupervisors.org'; Jennifer Bontrager; Tom Broderick; 'vern.camp@rwaa.info'; 'scraig@azwifa.gov'; 'dwdunham@azwater.gov'; 'kfirethunder@az.gov'; 'jfuentes@AZruco.gov'; Matt Gress; 'danny.johnson@dmfd.org'; 'ray.jones@aricor.com'; Matthew J. Rowell; 'travis.schulte@azdema.gov'; 'tshannon@scottsdaleaz.gov'; 'craigs@azcommerce.com'; 'asmith@azwifa.gov'; 'craigs@countysupervisors.org'; Andy Tobin; 'rebecca.trayler@azdema.gov'; 'keithw@azcommerce.com'; 'twilliams@azcounties.org'; Laurie A. Woodall
Cc:	Elijah Abinah; Terri Ford; Angela Paton; Lauren A. Ferrigni; Brandon Nelson; Al Amezcua; Deborah Reagan; Jenny Gomez; Mary Mee; Michael Buck; Richard Martinez; Roxanne Best; Trish Meeter
Subject:	FW: Lakeside Water System - Brooke Water
Importance:	High

FYI

Per Bob Hardcastle's final sentence, it appears that Lakeside Water System – Brooke Water is back to normal operation as of 6:00 am this morning. I believe the August 24 date in his brief should be August 23, I will verify this.

Thanks,

Connie

From: Bob Hardcastle [mailto:rth@brookeutilities.com]
Sent: Wednesday, August 24, 2016 6:28 AM
To: Connie Walczak <CWalczak@azcc.gov>
Cc: Dale Allred <DaleA@brookeutilities.com>
Subject: RE: Lakeside Water System - Brooke Water

The Lakeside (LKS) water outage in Parker, AZ occurred approximately 2100 hours on Sunday, August 21. Subsequently determined, the cause of the problem stemmed from a failed high pressure reducing valve (PRV) that is located between four sections of customers separating upper LKS from lower LKS. The customers are separated by various pressure zones because of elevation differences in the service areas. A PRV holds back high pressure on one side of a valve against lower pressure on the other side of the valve.

Operations staff was on-site at 2130 hours on August 21 and remained on-site (with little rest) through approximately 2230 hours on August 23. Water service began to slowly return to interrupted customer service sites about 1930 hours on August 23. Complete pressurization of the system was completed at approximately 2200 hours on August 23. Ops

operational condition of the water system at approximately 0600 hours on August 24.

At approximately 0730 hours on August 23 the Company contacted other third-party sources of repair including EpCor Water (Lake Havasu/Bullhead City) to assist in returning customers to service. At first, the Company believed EpCor was available the same day. Subsequently, EpCor, better understanding what was needed at the sites, committed to additional operations service staff and equipment at 0830 hours on August 24. These third-party services will focus on permanent leak repair, reconstruction of effected sites, and rebuilding/replacement of the failed PRV.

Four customers' advisories and updates related to this condition were sent to customers via email at 2300 hours of August 20; approximately 1000 hours on August 21; approximately 1400 hours on August 22; and, approximately 1600 hours on August 23. The Company implemented its Emergency Operations Plan (informally) at approximately 1900 hours on August 21. There are approximately 230 customers as members of the email advisory list. Numerous email advisory messages were returned as "undeliverable" as customers have not updated new email addresses since submitted to the Company. At various times of repair during this period as many as 200+ customers (and as few as 50+ customers) were out of service depending on pressure zones, repair status, and construction replacement.

CUSTOMERS REINTRODUCING WATER TO THEIR SERVICE LOCATIONS SHOULD THOROUGHLY FLUSH THEIR WATER LINES BEFORE USE OR CONSUMPTION.

The effect of a failed PRV allows high pressure to suddenly rush, uncontrolled, into the low pressure portion of a system. This condition causes subsequent high pressure to crack service lines, separate service lines, open control check valves, and cause severe water leakage. In some cases, water leaks cannot be detected for many hours later. Operations has been able to identify at least five or six separate locations where this condition persisted as high pressure water rushed into the low pressure side of the water system and caused damages. In two locations severe damage to the water system was done. These water leaks must be corrected and repaired before newly pressurized water can be introduced into the system. In some cases leak repair is a tedious and lengthy process.

FAILED PRV'S, LIKE MANY OTHER WATER SYSTEM COMPONENTS, CANNOT BE PREDICTED WITH ANY CERTAINTY.

Operations will be engaged in subsequent permanent repairs and replacement of effected water system components. This process could require short-term water service interruptions while repairs are made.

More than 230 customer contacts were made to the Company's CSC on August 21 and August 22. These calls were answered in the order received by not less than five full-time

CSR's fielding these calls. Of course, not all calls could be received and numerous customer messages were left at the CSC message center.

The Company, of course, sincerely apologizes for this unpredictable inconvenience and, after assessing the damages and effect in subsequent days, will make monetary adjustments to customer accounts, as appropriate. The Company thanks ALL of its customers for their patience and understanding.

As of 0600 hours on August 24 the LKS water system is functioning normally.

RTH
RTH@jaco.com

From: Connie Walczak [mailto:CWalczak@azcc.gov]
Sent: Tuesday, August 23, 2016 5:07 PM
To: Bob Hardcastle
Subject: Lakeside Water System - Brooke Water
Importance: High

Bob,

Please advise status of the above water outage and plan for providing water to those without service. Staff has received calls from the County Sheriff and County Emergency Services questioning how to reach the Company for a status report.

LaPaz County Emergency Services is setting up a database to track those in need of water and are looking into providing non-potable water and possibly purchasing drinking water.

Please provide an update as soon as possible.

Thanks,
Connie

E. Amounts advanced in aid of construction of main extensions shall be refunded in accord with the rules of this Commission in force and effect on the date the agreement therefor was executed. All costs under main extension agreements entered into after the adoption of this rule shall be refunded as provided herein.

F. The Commission will not approve the transfer of any Certificate of Public Convenience and Necessity where the transferor has entered into a main extension agreement, unless it is demonstrated to the Commission that the transferor has agreed to satisfy the refund agreement, or that the transferee has assumed and has agreed to pay the transferor's obligations under such agreement.

G. All agreements entered into under this rule shall be evidenced by a written statement, and signed by the Company and the parties advancing the funds for advances in aid under this rule or the duly authorized agents of each.

H. The size, design, type and quality of materials of the system, installed under this rule location in the ground and the manner of installation, shall be specified by the Company, and shall be in accord with the requirements of the Commission or other public agencies having authority therein. The Company may install main extensions of any diameter meeting the requirements of the Commission or any other public agencies having authority over the construction and operation of the water system and mains, except individual main extensions, shall comply with and conform to the following minimum specifications:
1. 150 p.s.i. working pressure rating and
2. 6" standard diameter.
However, single residential customer advances in aid of construction shall not exceed the reasonable cost of construction of the 6-inch diameter main extension.

I. All pipelines, valves, fittings, wells, tanks or other facilities installed under this rule shall be the sole property of the Company, and parties making advances in aid of construction under this rule shall have no right, title or interest in any such facilities.

J. The Company shall schedule all new requests for main extension agreements, and for service under main extension agreements, promptly and in the order received.

K. An applicant for service seeking to enter into a main extension agreement may request that the utility include on a list of contractors from whom bids will be solicited, the name(s) of any bonded contractor(s), provided that all bids shall be submitted by the bid date stipulated by the utility. If a lower bid is thus obtained or if a bid is obtained at an equal price and with a more appropriate time of performance, and if such bid contemplates conformity with the Company's requirements and specifications, the Company shall be required to meet the terms and conditions of the bid proffered, or to enter into a construction contract with the contractor proffering such bid. Performance bond in the total amount of the contract may be required by the utility from the contractor prior to construction.

L. Any discounts obtained by the utility from contracts terminated under this rule shall be accounted for by credits to the appropriate account dominated as Contributions in Aid of Construction.

M. All agreements under this rule shall be filed with and approved by the Utilities Division of the Commission. No agreement shall be approved unless accompanied by a Certificate of Approval to Construct as issued by the Arizona Department of Health Services. Where agreements for main extensions are not filed and approved by the Utilities Division, the refundable advance shall be immediately due and payable to the person making the advance.

Historical Note
Adopted effective March 2, 1982 (Supp. 82-2). Amended subsections (D) and (K) effective September 28, 1982 (Supp. 82-5). Amended to correct subsection numbering (Supp. 99-4).

R14-2-407. Provision of service

A. Utility responsibility. Each utility shall be responsible for providing potable water to the customer's point of delivery.

B. Customer responsibility
1. Each customer shall be responsible for maintaining all facilities on the customer's side of the point of delivery in a safe and efficient manner and in accordance with the rules of the state Department of Health.
2. Each customer shall be responsible for safeguarding all utility property installed in or on the customer's premises for the purpose of supplying water to that customer.
3. Each customer shall exercise all reasonable care to prevent loss or damage to utility property, excluding ordinary wear and tear. The customer shall be responsible for loss of or damage to utility property on the customer's premises arising from neglect, carelessness, or misuse and shall reimburse the utility for the cost of necessary repairs or replacements.
4. Each customer shall be responsible for payment for any equipment damage resulting from unauthorized breaking of seals, interfering, tampering or bypassing the utility meter.
5. Each customer shall be responsible for notifying the utility of any failure identified in the utility's equipment.
6. Water furnished by the utility shall be used only on the customer's premises and shall not be resold to any other person. During critical water conditions, as determined by the Commission, the customer shall use water only for those purposes specified by the Commission. Disregard for this rule shall be sufficient cause for refusal or discontinuance of service.

C. Continuity of service. Each utility shall make reasonable efforts to supply a satisfactory and continuous level of service. However, no utility shall be responsible for any damage or claim of damage attributable to any interruption or discontinuation of service resulting from:
1. Any cause against which the utility could not have reasonably foreseen or made provision for, i.e., force majeure
2. Intentional service interruptions to make repairs or perform routine maintenance
3. Curtailment.

D. Service interruptions
1. Each utility shall make reasonable efforts to reestablish service within the shortest possible time when service interruptions occur.
2. Each utility shall make reasonable provisions to meet emergencies resulting from failure of service, and each utility shall issue instructions to its employees covering procedures to be followed in the event of emergency in order to prevent or mitigate interruption or impairment of service.
3. In the event of a national emergency or local disaster resulting in disruption of normal service, the utility may, in the public interest, interrupt service to other customers to provide necessary service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.

4. When a utility plans to interrupt service for more than four hours to perform necessary repairs or maintenance, the utility shall attempt to inform affected customers at least 24 hours in advance of the scheduled date and estimated duration of the service interruption. Such repairs shall be completed in the shortest possible time to minimize the inconvenience to the customers of the utility. The Commission shall be notified of interruptions in service affecting the entire system or any major division thereof. The interruption of service and cause shall be reported within four hours after the responsible representative of the utility becomes aware of said interruption by telephone to the Commission and followed by a written report to the Commission.

E. Minimum delivery pressure. Each utility shall maintain a minimum standard delivery pressure of 20 pounds per square inch gauge (PSIG) at the customer's meter or point of delivery.

F. Construction standards. Each utility shall construct all facilities in accordance with the guidelines established by the state Department of Health Services.

Historical Note
Adopted effective March 2, 1982 (Supp. 82-2). Amended subsection (F) effective September 28, 1982 (Supp. 82-5). Amended to correct subsection numbering (Supp. 99-4).

R14-2-408. Meter reading

A. Frequency. Each meter shall be read monthly on as close to the same day as practical.

B. Measuring of service
1. All water delivered by the utility shall be billed upon the basis of metered volume sales except that the utility may, at its option, provide a fixed charge schedule for the following:
   a. Temporary service where the water use can be readily estimated
   b. Public and private fire protection service
   c. Water used for street sprinkling and sewer flushing, when provided for by contract between the utility and the municipality or other local governmental authority
   d. Other fixed charge schedules as shall be submitted to and approved by the Commission.
2. When there is more than one meter at a location, the metering equipment shall be so tagged or plainly marked as to indicate the facilities being metered.

C. Customer requested retreads
1. Each utility shall at the request of a customer reread the customer's meter within 10 working days after such request by the customer.
2. Any rereads shall be charged to the customer at a rate on file and approved by the Commission, provided that the original reading was not in error.
3. When a reading is found to be in error, the reread shall be at no charge to the customer.

D. Access to customer premises. Each utility shall have the right of safe ingress to and egress from the customer's premises at all reasonable hours for any purpose reasonably connected with the utility's property used in furnishing service and the exercise of any and all rights secured to it by law or these rules.

E. Meter testing and maintenance program. Each utility shall establish a regular program of meter testing taking into account the following factors:
1. Size of meter
2. Age of meter
3. Consumption
4. Characteristics of water.

F. Customer requested meter tests. A utility shall test a meter upon customer request and each utility shall be authorized to charge the customer for such meter test according to the tariff on file and approved by the Commission. However, if the meter is found to be in error by more than 3%, no meter testing fee will be charged to the customer.

Historical Note
Adopted effective March 2, 1982 (Supp. 82-2). Amended to correct subsection numbering (Supp. 99-4).

R14-2-409. Billing and collection

A. Frequency and estimated bills
1. Each utility shall bill monthly for services rendered. Meter readings shall be scheduled for periods of not less than 25 days or more than 35 days.
2. If the utility is unable to read the meter on the scheduled meter read date, the utility will estimate the consumption for the billing period giving consideration to the following factors where applicable:
   a. The customer's usage during the same month of the previous year
   b. The amount of usage during the preceding month.
3. After the second consecutive month of estimating the customer's bill for reasons other than severe weather, the utility will attempt to secure an accurate reading of the meter.
4. Failure on the part of the customer to comply with a reasonable request by the utility for access to its meter may lead to the discontinuance of service.
5. Estimated bills will be issued only under the following conditions:
   a. Failure of a customer who read his own meter to deliver his meter reading card to the utility in accordance with the requirements of the utility billing cycle.
   b. Severe weather conditions which prevent the utility from reading the meter.
   c. Circumstances that make it dangerous or impossible to read the meter, i.e., locked gates, blocked meters, vicious or dangerous animals, etc.
6. Each bill based on estimated usage will indicate that it is an estimated bill.

B. Combining meters, minimum bill information
1. Each meter at a customer's premises will be considered separately for billing purposes, and the readings of two or more meters will not be combined.
2. Each bill for residential service will contain the following minimum information:
   a. Date and meter reading at the start of billing period
   b. Previous month's meter reading
   c. Billed usage
   d. Utility telephone number
   e. Customer's name
   f. Service account number (if available)
   g. Amount due and due date
   h. Past due amount (where appropriate)
   i. Adjustment factor, where applicable
   j. Other approved tariff charges.

C. Billing terms
1. All bills for utility services are due and payable when rendered. Any payment not received within 15 days from the date the bill was rendered shall be considered delinquent.
2. For purposes of this rule, the date a bill is rendered may be evidenced by:

Complaint count by code from 1/1/2005 to 9/9/2016

	Billing Complaints:		Quality of service complaints:		
	High/low	Disputed	Response time	Customer SC	Can't Reach Co
Brooke Water L.L.C.	15	44	9	22	67
Circle City Wtr Co, L.L.C.	0	6	2	2	12
Navajo Water Co, Inc	4	20	9	5	35
Payson Water Co, Inc	16	56	17	27	76
Tonto Basin Water Co	7	14	6	10	30
Pine Water Co, Inc	26	33	3	4	5
Strawberry Water Co	1	6	0	3	1
High Country Water Inc	0	0	0	0	0
Grand Total:	**69**	**179**	**46**	**73**	**226**

Connie Walczak

From:	Michael Buck
Sent:	Tuesday, August 23, 2016 5:09 PM
To:	UTIL-OutageII
Subject:	OUTAGE II - BROOKE WATER, LLC.

PER: Brooke Water, LLC
TELEPHONE NO.: 661-633-7526
COMPANY: Lakeside (lower) Water System
WHAT: OUTAGE
WHEN: Monday, August 22, 2016 @ 1:30 p.m.
WHERE: Parker, AZ
GEOGRAPHIC LOCATION OF COMPANY: Parker, AZ.
CAUSE: Water leaks.
ACTION: Tech on site.
DURATION: ??????????
CUSTOMERS AFFECTED: 100

ADDITIONAL INFORMATION:

After working on a water main repair almost all night, two additional water leaks have erupted on the lower Lakeside water system. The water service has been interrupted to at least 100 customers in this area. Operations and construction crews are on-site attempting to return to service as quickly as possible. No projected time for service return is being forecast at this time. We will endeavor to return the system to service as quickly as possible and keep customers informed as repairs progress.

Thanks you for your patience.

WHO DAMAGED UTILITY'S PROPERTY: n/a

Michael Buck

From:	Michael Buck
Sent:	Thursday, September 08, 2016 8:49 AM
To:	UTIL-OutageII
Cc:	Jodi Jerich
Subject:	OUTAGE I - BROOKE WATER, LLC.

*****FINAL*****FINAL*****FINAL*****FINAL

PER: Brooke Water, LLC
TELEPHONE NO: 661-633-7526
COMPANY: Moovalya Keys Water System
WHAT: OUTAGE
WHEN: Thursday, September 8, 2016 @ 6:30 a.m. to 8:30 a.m.
WHERE: Parker, AZ
GEOGRAPHIC LOCATION OF COMPANY: Parker, AZ.
CAUSE: Damaged water main.
ACTION: Crew on site.
DURATION: 2 hours
CUSTOMERS AFFECTED: 30

ADDITIONAL INFORMATION:

While digging to find a service location a water main was damaged in the Sandpiper area of the Moovalya Keys water system in Parker, AZ. A water system interruption will have to be made to complete the necessary repairs. We believe approximately 30 customers in Sandpiper will be effected and expect repairs to be made in 4 hours or less. The extent of the damage has not yet been fully assessed and may be updated in the near future as more becomes known.

We apologize for this water service interruption and will endeavor to return the water system to normal operations as quickly as possible. Thank you for your patience.

Brooke Water LLC

The nature of the water system repair was related to a broken service line near a water main. The repairs have been completed and water service has been restored to all customers except the one effected service line customer. Those repairs are in process.

WHO DAMAGED UTILITY'S PROPERTY: Brooke Water

5 unplanned outages

Michael Buck

Subject: OUTAGE I - BROOKE WATER L.L.C.

*****FINAL*****FINAL*****FINAL*****

PER: Robert T. Hardcastle
TELEPHONE NO.: 661-633-7526
COMPANY: Brooke Water LLC
WHAT: OUTAGE – Marina Village Water System
WHEN: Thursday, May 5, 2016 @ 7:00 a.m. to 8:53 a.m.
WHERE: Marina Village Water System in Parker, AZ.
GEOGRAPHIC LOCATION OF COMPANY: Parker, AZ.
CAUSE: Emergency Repair.
ACTION: Will complete repairs and restored service.
DURATION: 1 hour 53 minutes
CUSTOMERS AFFECTED: ?????
ADDITIONAL INFORMATION:

Please be advised that water service to all customers of the Marina Village water system has been interrupted for up to 4 hours to immediately repair an emergency leak condition. We apologize for the unexpected interruption and will endeavor to return the system to service as quickly as possible.

As per Dale Allred the technician, the repair has been made and the system is back to normal operation.

WHO DAMAGED UTILITY'S PROPERTY: n/a

Michael Buck

From: Michael Buck
Sent: Wednesday, February 10, 2016 4:05 PM
To: UTIL-Outagell
Subject: OUTAGE I - BROOKE WATER LLC

PER: Robert T. Hardcastle
TELEPHONE NO.: 661-633-7526
COMPANY: Brooke Water LLC
WHAT: OUTAGE-Emergency
WHEN: Thursday, 2-10-2016 @ 2:30 p.m.
WHERE: Moovalya Keys 2 Water System in Parker, AZ
GEOGRAPHIC LOCATION OF COMPANY: Parker, AZ
CAUSE: Emergency repair to water system lines.
ACTION: Repair in process at this time.
DURATION: Approximately 2 hours to repair.
CUSTOMERS AFFECTED: 150
ADDITIONAL INFORMATION:

WHO DAMAGED UTILITY'S PROPERTY: n/a

Michael Buck

From: Michael Buck
Sent: Thursday, January 21, 2016 12:30 PM
To: UTIL-OutageII
Subject: OUTAGE I - BROOKE WATER LLC

PER: Robert T. Hardcastle
TELEPHONE NO.: 661-633-7526
COMPANY: Brooke Water LLC
WHAT: OUTAGE
WHEN: Thursday, 1-21-2016 @ 9:17 a.m. to 12:17 p.m.
WHERE: Black Rock Dr. in the Moovalya Keys Water System in Parker, AZ
GEOGRAPHIC LOCATION OF COMPANY: Parker, AZ
CAUSE: emergency repair to water system lines
ACTION: repairs made & service restored
DURATION: 3 hours
CUSTOMERS AFFECTED: 15-20
ADDITIONAL INFORMATION:

WHO DAMAGED UTILITY'S PROPERTY: n/a

Schedu

Michael Buck

From:	Michael Buck
Sent:	Friday, September 02, 2016 12:15 PM
To:	UTIL-OutageII
Cc:	Jodi Jerich
Subject:	OUTAGE1 - BROOKE WATER LLC

*****FINAL*****FINAL*****FINAL*****FINAL

PER: Brooke Water, LLC
TELEPHONE NO.: 661-633-7526
COMPANY: Parker Dam Water System
WHAT: SCHEDULED OUTAGE
WHEN: Friday, September 2, 2016 @ 8:30 a.m.
WHERE: Parker, AZ.
GEOGRAPHIC LOCATION OF COMPANY: Parker, AZ.
CAUSE: Repairs.
ACTION: Crew will be working on necessary repairs and improvements to plant storage facilities.
DURATION: 2 hours
CUSTOMERS AFFECTED: Approximately 196

ADDITIONAL INFORMATION:

Please be advised that the SCHEDULED water service interruption of the Parker Dam water system of Brooke Water LLC of this date has concluded and the water system has been returned to normal operating condition. Water pressure should be increasing to normal levels over the next hour or so.

Thanks you for your patience and consideration.

Brooke Water LLC

WHO DAMAGED UTILITY'S PROPERTY: n/a

Michael Buck Scheduled

From: Michael Buck
Sent: Wednesday, August 24, 2016 12:09 PM
To: UTIL-OutageII
Subject: OUTAGE II- BROOKE WATER, LLC.

PER: Brooke Water, LLC
TELEPHONE NO.: 661-633-7526
COMPANY: Lakeside (lower) Water System
WHAT: TEMPORARY SERVICE INTERRUPTION- PLANNED
WHEN: Wednesday, August 24, 2016 @ 9:20 a.m. to ????????
WHERE: Parker, AZ
GEOGRAPHIC LOCATION OF COMPANY: Parker, AZ.
CAUSE: Permanent repair of the failed PRV.
ACTION: Crew on site.
DURATION: Approx. 1 hour
CUSTOMERS AFFECTED: Most customer in the area.

ADDITIONAL INFORMATION: -

As expected the LKS water system will have to be taken out of service to allow for a permanent repair of the failed PRV. This service interruption should not last longer than one hour and will effect most customers in the area.

This expected repair is in keeping with our previous advisories and water system repairs made over the last 2-3 days. This repair should be a permanent repair and insure this kind of problem does not reoccur.

We apologize for this expected service interruption.

Brooke Water LLC

7 Scheduled

Michael Buck

From: Michael Buck
Sent: Thursday, February 04, 2016 4:54 PM
To: UTIL-OutageII
Subject: OUTAGE I - BROOKE WATER LLC

PER: Robert T. Hardcastle
TELEPHONE NO.: 661-633-7526
COMPANY: Brooke Water LLC
WHAT: OUTAGE – Moovalya Keys Water System
WHEN: Thursday, 1-4-2016 @ 10:30 a.m. to ???????????
WHERE: Moovalya Keys Water System (Hopi Dr.)
GEOGRAPHIC LOCATION OF COMPANY: Parker, AZ
CAUSE: Installation of a new water meter
ACTION: Installation of a new water meter
DURATION: ???????????
CUSTOMERS AFFECTED: 20
ADDITIONAL INFORMATION:

WHO DAMAGED UTILITY'S PROPERTY: n/a

Connie Walczak

From: Al Amezcua
Sent: Friday, August 26, 2016 8:19 AM
To: UTIL-OutageII
Subject: OUTAGE II - CIRCLE CITY WATER COMPANY LLC

PER: Brooke Water, LLC
TELEPHONE NO.: 661-633-7526
COMPANY: Circle City Water Company LLC
WHAT: OUTAGE
WHEN: Thursday, August 25, 2016 @ 6:20 p.m.
WHERE: Morristown, AZ
GEOGRAPHIC LOCATION OF COMPANY: Reizen Circle site
CAUSE: A previously abandoned service line that became exposed suffered a severe leak
ACTION: Ops repairs are on site at Reizen Cr. to make the necessary repairs and return the system to normal operating condition.
DURATION: ??????????
CUSTOMERS AFFECTED: Entire water system

ADDITIONAL INFORMATION:

From: Brooke Utilities [mailto:bui_info@brookeutilities.com]
Sent: Thursday, August 25, 2016 6:34 PM
Subject: Circle City Water Co.

Date: August 25, 2016
Time: 1820 hours
Re: Water Service Interruption

A previously abandoned service line that became exposed suffered a severe leak and caused the entire water system in Morristown, AZ to be shut down for a period of up to 4 hours while repairs are being made, Ops repairs are on site at Reizen Cr. to make the necessary repairs and return the system to normal operating condition as quickly as possible.

We apologize for this inconvenience and will endeavor to return the service to a normal condition without unnecessary delay. Thank you for your patience.

Circle City Water Company LLC

WHO DAMAGED UTILITY'S PROPERTY: n/a

EMERGENCY OPERATION PLAN

(EOP)

BROOKE WATER LLC

La Paz County, Parker, AZ

Public Water System #	Water System Name	Community Water System #	# Connections
15-015	Lakeside (LKS)	91-000742.0000	798
15-027	Parker Dam (PD)	91-000748.0000	196
15-058	Holiday Harbour (HH)	91-000752.0000	226
15-006	Moovalya Keys (MK)	91-000741.0000	558
15-040	Rio Lindo (RL)	91-000751.0000	31
15-011	Marina Village (MV)	91-000743.0000	224

In accordance with Arizona Administrative Codes R18-4-116

Revised: **August 29, 2016**

This document contains certain information and material that is confidential, privileged and is intended for authorized water company personnel, authorized water company representatives, authorized regulatory agency personnel and emergency response personnel only. ***THIS INFORMATION IS NOT TO BE SHARED WITH UNAUTHORIZED PERSONS AT ANY TIME.*** *Please secure your copy appropriately at all times. If you misplace or loose your copy, please notify your supervisor immediately. Please destroy all previous versions or revisions of this document as referenced below.*

If you have found this document you may not read, copy, distribute or use this information. Please immediately notify Brooke Water LLC at (661) 633-7526.

Original Date: January 20, 1994
1st Revision: November 11, 2003
2nd Revision: May 5, 2009
3rd Revision: August 29, 2016

Table of Contents

Purpose and Authority

The purpose of this Emergency Operations Plan ("EOP") is to establish and to maintain as current the procedures necessary to utilize alternative water supply sources in the event of a contamination or loss of existing source. It is also the purpose of this EOP to identify and maintain current emergency contact information of local County, State, Regional, and Federal Agencies, as applicable, that are to be advised of significant water service interruptions ("WSI") in accordance with the Emergency Operations Levels ("EOL") established by Brooke Water LLC below:

Emergency Level	Emergency Description	Contact Required
1	Routine non-emergency water service interruption of two hours or less in duration; usually effects less than ten customers; repair, replacement of operational components; flushing, chlorination may be required.	ACC, La Paz County, Customers
2	Non-routine emergency water service interruption of not more than four hours in duration; usually effects more than ten customers; repair, replacement, modification of components as required; flushing, chlorination, water quality testing may be required.	ACC, ADEQ, La Paz County, Customers
3	Severe emergency water service interruption of more than four hours or unknown duration; any type operational components modification may be required, depending on exposure flushing, chlorination; water quality testing are required.	ACC, ADEQ, La Paz County, Customers

This plan was produced as part of the requirement under Arizona Administrative Codes Title 18, Chapter 4, Article 116 under the Authority of the Arizona Department of Environmental Quality, Drinking Water Program. This EOP must be updated any time significant changes are made to the system or the Company's Operational Staffing.

EMERGENCY CONTACTS

Depending on the EOL involved with the WSI various emergency parties require, desire, or prefer to be notified and advised. The Company primarily utilizes two methods of emergency contact of customers and the Emergency Contacts below: first by electronic mail, and second by direct telephone contact.

Table 1 – La Paz County

La Paz County	Contact Name	Email Address	Telephone Number
District 1 Supervisor	DL Wilson	DWilson@co.la-paz.az.us	(928) 669-6115
District 2 Supervisor	King Clapperton	KClapperton@co.la-paz.az.us	(928) 669-6115
District 3 Supervisor	Holly Irwin	HIrwin@co.la-paz.az.us	(928) 669-6115
County Administrator	Dan Field	DField@co.la-paz.az.us	(928) 669-6115
Emergency Services	Steve Biro	SBiro@co.la-paz.az.us	(928) 667-4310
Community Development	Nora Yackley	NYackley@co.la-paz.az.us	(928) 669-6138
Community Development	Ken Olkowski	KOlkowski@co.la-paz.az.us	(928) 669-6138
Health Department	Marian Shontz	MShontz@co.la-paz.az.us	(928) 669-1100
Health Department	Mimi Hernandez	MHernandez@lapazsheriff.org	(928) 916-9631
Public Works	Tom Simmons	TSimmons@co.la-paz.az.us	(928) 669-2016
Sheriff's Department	Administration	SBiro@lapazsheriff.org or BPoindexter@lapazsheriff.org	(928) 669-6141 or (928) 669-2281 (dispatch)

Table 2 - ADEQ

ADEQ Staff	Position	Email Address	Telephone Numbers
Daniel Czecholinski	Manager Drinking Water	DCS@azdeq@gov	(602) 771-4617
Jennifer Peterson	Inspection Compliance	JC17@azdeq@gov	(602) 771-4253
Dave Dunaway	Monitoring and Protection	Dwd@azdeq@gov	(602) 771-6403
Steve Vogel	Inspector	SV1@azdeq.gov	(602) 694-1099
Jon Fiegen	Inspector	Fiegen.Jon@azdeq.gov	(602) 771-4634

John Calkins	Department Manager	Calkins.john@azdeq.gov	
Mario A. Casillas	Inspector	Casillas.mario@azdeq.gov	(602) 771-4359
Karen L. Black	Water Monitoring	Black.Karen@azdeq.gov	(602) 771-4559

Table 3 - Brooke Water LLC

Customer Service Center	CSR's	customerservicecenter@brookeutilities.com	(800) 270-6084
Operations Superintendent	Parker, AZ	DaleA@brookeutilities.com	(928) 970-0437
Operations Staff	Ops	RRomine@brookeutilities.com	(928) 970-0439
Operations Staff	Ops	CBrinkerhoff@brookeutilities.com	(661) 973-4453
Operations Staff	Ops	(hiring candidate in process)	
Corporate Office	Managing Member	RTH@brookeutilities.com	(661) 633-7526

Table 4 – ACC

Arizona Corporation Commission	outage@azcc.gov	(602) 542-2237

Checklist of Actions to Be Completed Immediately Following a Disaster

Note: This checklist is not intended to replace the EOP and its procedures. This checklist should be used as a supplemental guide only.

1. Make preliminary damage/ contamination/ threat assessment as quickly as possible.
2. Notify division management
3. Assemble and assign crisis personal
4. Establish a communications center and contact Emergency Contacts in accordance with EOL established above.
5. Isolate affected areas to effect the least number of customers practicable after Emergency Contacts have been made.
6. Perserve potable water storage and plant facilities
7. Identify areas and number of customers that will need temporary alternative supply
8. Set recovery priorities, flushing, chlorination, and testing treatment repairs
9. Contact health and reulatory officials to address specific circumstances as needed
10. Contact hospital, police, and fire to address specific circumstances as needed.
11. Contact Emergency Contacts to advise of the resolution or passing of the emergency condition.

Emergency Contact Notifications (ECN)

In reporting a WSI the Company normally first communicates with its customers and Emergency Contacts by electronic mail and subsequently by direct telephone where desired, needed and/or appropriate. It is the Company's policy to make emergency notifications as quickly as possible after emergency event facts are reported, discovered, or understood[1]. All ECN's information shall provide at least the following information concerning the WSI:

(1) Date
(2) Time (expressed in military time)
(3) Water system affected
(4) Estimate of number of customers believed to be affected
(5) Location of the reason for the WSI
(6) Expected duration (or updated expected duration)

The form of ECN shall generally have the following sample format:

CUSTOMER SERVICE ADVISORY

Date: November XX, 20XX
Time: 1330 hours
Re: XX Water System

A water service interruption has occurred in the XX water system and is believed to affect more than 25 customers. The broken water main is located at the intersection of Maple St. and Evergreen Ave. in Parker, AZ. The Company expects to return service to normal operational levels in less than 4 hours. This notification will be updated or relieved as required by the circumstances.

We apologize for this service interruption and inconvenience. We appreciate the patience and concern of all our customers.

Brooke Water LLC

Customers and Emergency Contacts are strongly encouraged to submit current personal email addresses for this use. Please contact the Company's Customer Service Center at (800) 270-6084 to make such request or provide additional current information.

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[1] It should be noted that not all notification parties or agencies want to be notified at the same level of emergency.

LAKESIDE (LKS) WATER SYSTEM DESCRIPTION

Name of Water System:	LAKESIDE (LKS)
Public Water System #:	15-010
Community Water System #:	91-000742.0000
Number Service Connections:	798
Persons Served:	1995 (approximately)
Number of wells:	None
Colorado River Intakes:	One located on Riverside Dr.
Average Daily Consumption:	85,176
Average Daily Peak Production:	116,090
Storage Tanks:	3
Storage Capacity (total):	450,000
ADWR #:	C1504100
Water Treatment:	Yes
Water Treatment Method:	Gravel, sand, anthracite, polymer
Water Treatment Restocked:	March 2016
Water Treatment Filtering:	Backwash into settlement ponds
Fire Hydrants:	None
Booster Pumps:	Yes, one
Consumption Meter Type:	Sensus Model II, other
Electrical Utility:	Arizona Public Service
Distribution Materials:	ACP, PVC, C900, DIP
Backup Power Generation:	Yes; 75 kW portable trailer
Pressure Reducing Valves:	Yes, one
Altitude Valves:	Yes, one
Remote Tank Monitoring:	Yes, one
Turbidity meters:	Yes, model 1720E
Current ADEQ Violations:	No

PARKER DAM (PD) WATER SYSTEM DESCRIPTION

Name of Water System:	PARKER DAM (PD)
Public Water System #:	15-027
Community Water System #:	91-000748.0000
Number Service Connections:	195
Persons Served:	488 (approximately)
Number of wells:	None
Colorado River Intakes:	One located on Riverside Dr.
Average Daily Consumption:	33,083
Average Daily Peak Production:	47,670
Storage Tanks:	3
Storage Capacity (total):	47,000
ADWR #:	C150270
Water Treatment:	Yes

Water Treatment Method:	Gravel, sand, anthracite, polymer
Water Treatment Restocked:	March 2016
Water Treatment Filtering:	Backwash into settlement ponds
Fire Hydrants:	None
Booster Pumps:	Yes, two
Consumption Meter Type:	Sensus Model II
Electrical Utility:	Arizona Public Service
Distribution Materials:	ACP, PVC, C900, DIP
Backup Power Generation:	Yes; 75 kW portable trailer
Pressure Reducing Valves:	No
Altitude Valves:	No
Remote Tank Monitoring:	Yes, one
Turbidity meters:	Yes, model 1720E
Current ADEQ Violations:	No

HOLIDAY HARBOUR (HH) WATER SYSTEM DESCRIPTION

Name of Water System:	HOLIDAY HARBOUR (HH)
Public Water System #:	15-058
Community Water System #:	91-000752.0000
Number Service Connections:	226
Persons Served:	565 (approximately)
Number of wells:	None
Colorado River Intakes:	One located on Riverside Dr.
Average Daily Consumption:	48,089
Average Daily Peak Production:	77,198
Storage Tanks:	2
Storage Capacity (total):	130,000
ADWR #:	C150580
Water Treatment:	Yes
Water Treatment Method:	Gravel, sand, anthracite, polymer
Water Treatment Restocked:	March 2016
Water Treatment Filtering:	Backwash into settlement ponds
Fire Hydrants:	None
Booster Pumps:	Yes, two
Consumption Meter Type:	Sensus Model II
Electrical Utility:	Arizona Public Service
Distribution Materials:	ACP, PVC, C900, DIP
Backup Power Generation:	Yes; 75 kW portable trailer
Pressure Reducing Valves:	Yes, two
Altitude Valves:	No
Remote Tank Monitoring:	Yes, one
Turbidity meters:	Yes, model 1720E
Current ADEQ Violations:	No

MOOVALYA KEYS (MK) WATER SYSTEM DESCRIPTION

Name of Water System:	MOOVALYA KEYS (MK)
Public Water System #:	15-006
Community Water System #:	91-000741.0000
Number Service Connections:	558
Persons Served:	1395 (approximately)
Number of wells:	None
Colorado River Intakes:	One located on Riverside Dr.
Average Daily Consumption:	69,049
Average Daily Peak Production:	90,290
Storage Tanks:	3
Storage Capacity (total):	145,000
ADWR #:	C150060
Water Treatment:	Yes
Water Treatment Method:	Gravel, sand, anthracite, polymer
Water Treatment Restocked:	March 2016
Water Treatment Filtering:	Backwash into settlement ponds
Fire Hydrants:	None
Booster Pumps:	Yes, six
Consumption Meter Type:	Sensus Model II
Electrical Utility:	Arizona Public Service
Distribution Materials:	ACP, PVC, C900
Backup Power Generation:	Yes; 75 kW portable trailer
Pressure Reducing Valves:	No
Altitude Valves:	No
Remote Tank Monitoring:	Yes, one
Turbidity meters:	Yes, model 1720E
Current ADEQ Violations:	No

RIO LINDO (RL) WATER SYSTEM DESCRIPTION

Name of Water System:	RIO LINDO (RL)
Public Water System #:	15-040
Community Water System #:	91-000751.0000
Number Service Connections:	31
Persons Served:	78 (approximately)
Number of wells:	None
Colorado River Intakes:	One located on Riverside Dr.
Average Daily Consumption:	6,945
Average Daily Peak Production:	14,470
Storage Tanks:	1
Storage Capacity (total):	10,000
ADWR #:	C150400
Water Treatment:	Yes
Water Treatment Method:	Gravel, sand, anthracite, polymer
Water Treatment Restocked:	March 2016
Water Treatment Filtering:	Backwash into Buckskin Sanitation District

Fire Hydrants:	None
Booster Pumps:	Yes, two
Consumption Meter Type:	Sensus Model II
Electrical Utility:	Arizona Public Service
Distribution Materials:	ACP, C900
Backup Power Generation:	Yes; 75 kW portable trailer
Pressure Reducing Valves:	No
Altitude Valves:	No
Remote Tank Monitoring:	Yes, one
Turbidity meters:	Yes, model 1720E
Current ADEQ Violations:	No

MARINA VILLAGE (MV) WATER SYSTEM DESCRIPTION

Name of Water System:	MARINA VILLAGE (MV)
Public Water System #:	15-011
Community Water System #:	91-000743.0000
Number Service Connections:	224
Persons Served:	560 (approximately)
Number of wells:	None
Colorado River Intakes:	One located on Riverside Dr.
Average Daily Consumption:	37,514
Average Daily Peak Production:	52,865
Storage Tanks:	1
Storage Capacity (total):	100,000
ADWR #:	C150110
Water Treatment:	Yes
Water Treatment Method:	Gravel, sand, anthracite, polymer
Water Treatment Restocked:	March 2016
Water Treatment Filtering:	Backwash into settlement ponds
Fire Hydrants:	None
Booster Pumps:	Yes, two
Consumption Meter Type:	Sensus Model II
Electrical Utility:	Arizona Public Service
Distribution Materials:	ACP, PVC, C900
Backup Power Generation:	Yes; 75 kW portable trailer
Pressure Reducing Valves:	No
Altitude Valves:	No
Remote Tank Monitoring:	Yes, one
Turbidity meters:	Yes, model 1720E
Current ADEQ Violations:	No

Notification Procedures

(A.A.C. R17-4-I16. B.2)

In the event of an emergency the follow procedures should be instituted by all Company staff and all other authorized representatives.

(1) The Company's On-Call Operations ("Ops") personnel shall endeavor to respond to an emergency condition as quickly as possible while at all times conducting themselves in a safe and professional manner.

(2) Ops shall assess the nature of the water system emergency quickly verifying that the general nature of the emergency is directly related to the water system.

(3) Ops shall advise the Operations Superintendent as soon as possible as to the nature of the emergency including the location of the emergency event, general reason believed for the event, resources thought to be required including excavation equipment, vehicles, tools, special equipment, specialty contractors, safety equipment, personnel, water pumps, control valves needed to be operated (if applicable), "best guesstimate" number of customers affected, and "best guestimate" of the duration of an expected WSI.

(4) Depending on the seriousness and nature of the WSI the Operations Superintendent shall determine if the President of the Company shall be notified. Accordingly, the President shall be notified of all Level 2 and Level 3 emergencies.

(5) Stop water contamination.

(6) Stop or reduce water loss bearing in mind the number of customers affected.

(7) Depending on need Ops should request emergency underground alert by contacting Bluestake at (602) 263-1100.

(8) Contact the Customer Service Center (CSC) or other staff to provide emergency contact notification as otherwise proscribed in the EOP. Provide updates every hour or as otherwise directed. Use all applicable communication devices including cell phones, test messages, and FaceTime for communications. Use electronic mail distribution list for initial contact of customers and notification parties. Provide subsequent telephone contact as required.

(9) Maintain communication with corporate office representatives, as necessary, public relations, emergency contacts, and others in the affected service area.

(10) Contact the Arizona Corporation Commission (602-542-2237) and the Arizona Department of Environmental Quality (hotline number: 800-234-5677) to advise of all water contamination occurences or threats, terrorists incidents or threats and any interruptions or outages of a duration longer than four (4) hours. Notification via telephone and email may be used initially but all notifications must include an email and/or fax notification confirmation. **NOTE: NOT ALL REGULATORY AUTHORITIES OR GOVERNMENT AGENCIES DESIRE TO BE CONTACTED AT THE SAME LEVELS OF EMERGENCY.**

(11) As circumstances require, or at the specific direction of the Company's President, local media will be contacted with a public information request.

(12) If required or at the specific direction of the President, customer notices would be posted in reasonable conspicuious public locations, on existing water company property, broadcast on local radio and/or printed in a general circulation media. Customers, local,

state, regional, and fedreal agencies will be advised by use of electronic mail distribution lists.

(13) Ops shall, where circumstances require, always flush, chlorinate, and take water test samples of WSI's involving broken pipes and water contamination. Results of water samples shall be submitted to the Company's President as soon as they are received.

The Brooke Water LLC Parker office located on Riverside Dr. shall serve as the primary location for control and assembly of personnel, equiptment, and material. Material at this location would be utilized and transported to the location of the emergency. Equiptment needed to accomplish the anticipated repairs would be moblized and also taken to the site.

Customer Service Center ("CSC")

The Customer Service Center is staffed by up to five Customer Service Representatives ("CSR's") during regular business hours of 0800 hours to 1600 hours daily (Arizona Mountain Time). The CSC can be reached at (800) 270-6084 at all times.

The CSC Team Manager supervises other CSR's while taking customer calls, processing credit card payments, dispatching Service Orders ("SO's") to the Operations Department, arranges new service connections, manages the Customer Information System ("CIS"), provides informational and documentation support for processing customer complaints. The CSC maintains records of all inbound and outbound customer calls, keeps updated customer information records, produces customer bills, and is responsible for making adjustments to customer accounts where applicable. The CSC determines late paying customers and issues disconnection lists to the Operations Department for processing. When call volume exceeds the ability of all CSR's to answer and process inbound calls an automated system is utilized that allows inbound callers to leave a message with brief details of the nature of their call. It is the policy of the CSC to make every reasonable effort to return message-left calls the same business day. As a matter of record, the Company maintains detailed monthly service records of the calls processed by the CSC.

Customer calls that are received by the CSC after business hours are routed to an automated call processing center that processes emergency calls. All non-emergency related calls are referred to the CSC for processing the next business day. If a call is an after-hours emergency the call ("AHEC") is routed to an automated telephone answering tree that interacts with the caller asking for some details of the nature of the emergency. The AHEC is routed to every member of the Operations Department, not just the scheduled Operation's on-call staff member, for redundancy of coverage. The Operations on-call staff member is dispatched to the site immediately afterward.

The CSC engages in regular training and reoccurring training of its processes, procedures, instructions, and policies pursuant to a set of published documentation that is regularly reviewed and updated.

Other Related Telephone References

Backflow Specialists:

Cintas Fire Protection (Lake Havasu City):	928-855-2248
Metro Fire Equipment and Backflow (Mesa):	480-464-0509
Steve Jackson Backflow Testing (Parker):	928-669-0545

Health Regulatory Agencies:

ADEQ:	602-771-2300 or 800-234-5677 (hotline)
AZ Department of Health Services:	602-542-1025
US Environmental Protection Agency:	415-947-8000
Arizona Corporation Commission:	602-542-2237
AZ Department of Water Resources:	602-771-8500

Utility Purveyors:

Electric/ Gas:	Arizona Public Service (APS):	800-253-9407

Contractors:

Well and Pump Contractors:	Pump Tech (Mayer):	928-632-4594
	Central Arizona Pump (Payson, Kingman):	928-476-5440

Spare Parts Vendors:

Bud's Plumbing:	928-474-4441
Dana Kepner Co.:	928-854-5050

Water Hauling Vehicles and Services:

Rio Verde Water Hauling:	602-616-9198

News Media:

Parker Pioneer	(928) 669-9624
Arizona Republic Newspaper:	602-444-8000

Loss of Source

(A.AC. R18-4-116A.1)

Source of Supply Failure and/ or Excessive Demand

If the water source were lost due to contamination, excessively high demand, or a similar emergency, potable water shall be transported to customers by water truck. The La Paz County Emergency Services Department may provide non-potable water at convenient public location for customer access. A detailed public service announcement would be issued through electronic message distribution lists to inform the public of the steps that should be taken during this time period and the expected duration of the situation.

Brooke Water LLC may also supplement the hauled water with bottled potable water made available at a central location and/or distributed to customers in the affected service area. A detailed public service announcement advising customers of the time and location to pick up the bottled water will be indicated. The assigned location for bottled water pick will generally be plant sites. Customers who are not able to leave their homes will be instructed via the electronic message distribution list and/or public service announcement to contact the Customer Service Center and provide their address for bottled water delivery.

Potable Water Hauling Vehicles

Possible vendors from which to obtain a water tanker truck are as follows:

Rio Verde Water Hauling (602) 616-9198

Loss of Supply Due to Major Component Failure

(A.AC. R-18-4-116A.2)

The failed component should be identified as quickly as possible. Any actual or potential water contamination and/or water loss resulting from the failed component should be isolated immediately. Distribution maps will be utilized to determine the appropriate sectional control valves needed to close the system and isolate the components. The following critical components shall remain in service or be restored to service as quickly as possible: wells, electrical supply to the well site, storage tanks, booster pumps, pressure tanks, and distribution system. If supply is insufficient due to the mechanical failure of a pump or motor, the company representative will check local inventory for availability of a replacement part or component. Should the needed item(s) not be available from the existing inventory, the representative will then contact all sources in order to obtain the item(s) as well as schedule any work to be conducted within an acceptable time frame.

Brooke Water LLC will provide emergency water supply via bottled water delivery and/or water hauling as the situation requires. The following are potential alternative vendors for replacement of failed components:

Lewus Electric:	928-468-6320
Dana Kepner Co.:	928-537-4076

If a building, pump house or storage facility should collapse or be damaged in any way, immediate steps must be taken to minimize damage and protect the water supply from contamination. The appropriate contractors would be contacted to assist in repair or replacement of the facility.

Loss of Power or Power Supply Equipment

(R18-4-116. A3)

In the event of a power supply equipment damage or a general loss of electrical power, the area provider of service would be immediately contacted in an effort to communicate the situation and gain insight into the expected duration and cause of the outage.

Arizona Public Service (APS)	800-253-9407

Should the power outage appear to encompass only a short time frame the water supply held in storage may be sufficient to meet the immediate demand during standard consumption situations. In the event the expected power outage duration indicates an unavoidable interruption of water service auxiliary power would be provided and/or obtained to supply power to the intake pumps and booster station motors. Fortunately, Brooke Water LLC has its own 75 kW mobile trailer diesel auxiliary power generator that could be provided to a site specific location during a power shortage. Other sources of auxiliary power generation may also be available.

Should the power outage be the result of failed electrical components, Brooke's in-house staff will attempt to diagnose the problem, followed by contacting our various electrical contractors to obtain immediate assistance and repair.

Contamination of Water Supply, Backflow

(AA.C. R-18-4-116A.4)

Backflow and cross connection problems are recognized caused in situation of microbiological or chemical contamination of a water supply. Implementation of Brooke Water LLC's Backflow Prevention Plan is utilized to reduce the frequency of this situation. In addition, Brooke Water LLC Brooke Water LLC collects water samples regularly which are submitted for microbiological sampling required by state and federal regulations to Legend Technical Services of Arizona (602-324-6100).

In the event of a cross connection or backflow event:

1. Identify the source of the contamination by visual inspections of the infrastructure and service area, chlorine residual sampling and other water quality testing.
2. Once identified, the cause of the contamination shall be immediately isolated or disconnected.
3. Any affected areas would also be isolated and appropriately treated, disinfected, or neutralized. Treatment includes, but may not be limited to, line flushing and chlorination of the affected area.
4. If necessary, those affected areas of the production, treatment, transmission, or distribution system would also be replaced or removed from service.
5. Arrangements for alternative water sources may be utilized during this time (See "Alternative Sources of Water").
6. ACC, ADEQ, and all affected or potentially affected customers would be immediately notified in accordance with the Notification Procedures.
7. Once the contamination has been neutralized, chlorine residual monitoring and sample collection for laboratory testing would be performed until Total Coliform levels are within the acceptable range (0.05 mg/l) for safe drinking water, and service may be restored.

Contamination of Water Supply, Chemical or Microbiological

(A.A.C. R17-4-116.A.7)

Implementation of Brooke Water LLC's Backflow Prevention Plan, included herein, is utilized to reduce the frequency of this chemical or microbiological contamination. In addition, Brooke Water LLC collects water samples regularly, which are submitted for microbiological sampling as required by state and federal regulations to Legend Technical Services of Arizona (602-324-6100).

In the event of a chemical or microbiological event:

1. Identify the source of the contamination by visual inspections of the infrastructure and service area, chlorine residual sampling and other water quality testing. To obtain assistance with identifying sources of contaminant, Affordable Backflow Services at 928-978-4909 may be contacted.
2. Once identified, the cause of the contamination shall be immediately isolated or disconnected.
3. Any affected areas would also be isolated and appropriately treated, disinfected, or neutralized. Treatment includes, but may not be limited to, line flushing and chlorination of the affected area.
4. If necessary, those affected areas of the production, treatment, transmission, or distribution system would also be replaced or removed from service.
5. Arrangements for alternative water sources may be utilized during this time (See "Alternative Sources of Water").

6. ACC, ADEQ and all affected or potentially affected customers would be immediately notified in accordance with the Notification Procedures.
7. Once the contamination has been neutralized, additional laboratory testing would be performed until Total Coliform levels are within the acceptable range (0.05 mg/l) for safe drinking water and service may be restored.

Collapse of Reservoirs

(A.A. C. R-18-4-116. A. 5)

If a building, pump house, or storage facility should collapse or be damaged in any way, immediate steps would be taken to minimize damage and protect the water supply from contamination. The aforementioned notification procedures, loss of supply procedures, and contamination procedures should be followed immediately. The appropriate contractors would be contacted to assist in repair or replacement of the facility.

Breaks in Mains or Service Lines

(A.AC. R-18-4-116.A.6)

If a main line or service line is damaged in any way, immediate steps would be taken to minimize water loss and water contamination. The aforementioned notification procedures, determination of emergency Level, loss of supply procedures, and the disinfection procedures should be followed as applicable. The appropriate contractors should also be contacted to assist in immediate repair or replacement of the problem facility.

Alternative Water Sources

(A.AC. R18-4-116.B. I)

None of the Brooke Water LLC's systems have interconnections with other water purveyors. In the event both the primary and secondary well were unavailable for use, water would be hauled to the storage site as set forth in "Source of Supply Failure".

Alternative water providers, water haulers, and/or bulk bottled water providers would be contacted to request supplement water supply.

Disinfection and Testing After Repairs

(A.AC. R-18-4-116.B.3)

Flushing Procedures:

Once repairs are completed the affected portion of the distribution lines will be flushed using the most appropriate outlet within the isolated area. Flushing should be completed by opening the valves in the closed area only after opening the appropriate flush out valve. These valves should be closed one at a time in order to allow release of all water in the distribution lines during the

time of the contamination, emergency and/or repair efforts. If air is found in the lines it will be necessary to and/or repair efforts. If air is found in the lines it will be necessary to allow free flow until most of the air has been removed from the system.

Disinfection and Testing Procedures:

Disinfection of the affected portion of the distribution system will be conduced in accordance with Arizona Department of Environmental Quality ("ADEQ") regulations. Specifically, upon completion of the flushing and prior to returning the system to full service, the affected area will be tested for a chlorine residual at each of the flush out locations. If the chlorine residual is not evident, that portion of the system will be flushed and disinfected again. A second residual will be taken. This procedure will be repeated until a satisfactory chlorine residual is attained. Residual tests would continue for a period not greater than 48 hours in duration. Once the affected portion of line has adequate residual a bacteriological sample must be taken within 24 hours thereafter.

Critical System Components that Shall Remain in Service or Be Restored as Quickly as Possible

(A.A. C. R-18-4-116.B.4)

The following critical system components shall remain in service or be restored to service as quickly as possible:

1. Colorado River intake pumps as noted in system description section of this plan
2. Electrical supply to sites, booster sites, pressure tanks
3. Storage tanks
4. Pressure tanks
5. Distribution System
6. Various blow-off valves

Critical Component Inventory

(AA. C R-18-4-116. B. 5)

An inventory of many critical components is maintained and stored at the Parker Division Operations Office. Written requests, telephone contact and electronic mail requests are used as a means for operators and contractors to request items, which may not be specifically listed on work orders or the inventory masters list.

In the event spare parts, pumps, or motors are required which are not maintained in the Parker Division Operations office inventory, the following suppliers would be contacted in order to obtain the item(s) as quickly as possible:

Dana Kepner Co.: 928-537-4076

Staff Training in Emergency Operation Procedures

(A.AC. RI8- 4-116. B.6)

All water operators and authorized representatives of Brooke Water LLC's water systems will be issued a copy of this EOP upon start of employment. Any current employee without a copy of the EOP may request a copy from the corporate offices of Brooke Water LLC. Each employee will be responsible for review and understanding of the information provided herein.

Reviews may be conducted on the quarterly basis during staff meetings to ensure current knowledge and understanding of outlined procedures. Any and all modifications, changes or updates will be issued to all employees and all necessary regulatory agencies in order to maintain the EOP as a viable and accurate source of information.

END OF EOP

Critical Component Inventory

(AA. C R-18-4-116. B. 5)

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END OF EOP

EXHIBIT C

period (1999 – 2015). Total revenues have stayed relatively flat during this entire period and total net plant-in-service has dropped slightly (from $865,213 recorded at the end of 1999 to $662,003 recorded at the end of 2015) indicating that only small additions have been made to plant during this 15 year period.

Staff noted that the annual cost-of-service utilized to set the Company's currently approved rate anticipated a recurring level of annual Repairs and Maintenance expense of $267,309 whereas actual Repairs and Maintenance expense has been substantially below this level. In 2015, report Repairs and Maintenance expense was $89,508.

Circle City

As shown on the second page of the attachment to this Memorandum, Circle City Water Company has routinely reported substantial Operating Losses during this same approximately 15 year period. Total reported revenues were relatively flat during this period of time. This data also suggests that relatively substantial investments were made in plant-in-service in 2008 and perhaps again in 2012.

Brooke Water Company
Reported Financial Data

Memorandum Attachment Page 1

Line Number	Company Name	Year	a	b Net Plant	c Cash	d N/R from Associated	e Net CIAC	f AIAC	g A/P to Associated	h Capital Equity	i Revenues	j Expenses	k Net Income	l Customer Count
1	Brooke Utilities	1999		$ 865,213	$ 102,985	$ 2,716,569	$ 17,973	$ 132,456	$ 267,078	$ 3,064,931	$ 878,721	$ 786,993	$ 239,882	
2	Brooke Utilities	2000		$ 823,295	$ (33,034)	$ 2,793,669	$ 53,415	$ 86,735	$ -	$ 3,235,215	$ 856,524	$ 596,388	$ 247,918	1901
3	Brooke Utilities	2001		$ 796,828	$ 4,175	$ 2,860,099	$ 45,619	$ 84,769	$ -	$ 3,389,709	$ 900,743	$ 717,746	$ 169,494	1915
4	Brooke Utilities	2002		$ 817,401	$ 7,833	$ 2,898,619	$ 45,631	$ 76,153	$ -	$ 3,548,843	$ 931,340	$ 767,193	$ 164,147	1960
5	Brooke Utilities	2003		$ 791,238	$ 9,757	$ 3,052,994	$ 37,012	$ 75,832	$ -	$ 3,714,732	$ 972,984	$ 805,673	$ 167,311	2008
6	Brooke Utilities	2004		$ 757,794	$ 16,802	$ 3,338,101	$ 98,508	$ 2,028	$ -	$ 3,945,322	$ 959,148	$ 726,863	$ 232,285	2035
7	Brooke Utilities	2005		$ 774,435	$ 420	$ 3,448,795	$ 82,509	$ 24,343	$ -	$ 4,069,297	$ 968,233	$ 845,590	$ 122,643	2053
8	Brooke Utilities	2006		$ 823,406	$ 412	$ 998,509	$ 66,510	$ 23,443	$ -	$ 1,664,719	$ 990,042	$ 853,714	$ 136,328	2068
9	Brooke Utilities	2007		$ 847,338	$ 955	$ 1,254,597	$ 50,511	$ 35,689	$ 144,264	$ 1,818,147	$ 933,254	$ 799,128	$ 134,126	2052
10	Brooke Utilities	2008		$ 817,022	$ 275	$ 1,392,385	$ 49,317	$ 21,659	$ 270,687	$ 1,958,901	$ 896,805	$ 803,612	$ 93,193	2058
11	Brooke Utilities	2009		$ 834,411	$ 275	$ 313,998	$ 37,021	$ 21,659	$ -	$ 1,155,613	$ 864,995	$ 668,127	$ 196,868	2041
12	Brooke Utilities	2010		$ 778,445	$ -	$ 689,610	$ 24,725	$ 21,659	$ -	$ 1,498,889	$ 841,953	$ 673,639	$ 168,314	2050
13	Brooke Utilities	2011		$ 737,156	$ -	$ 936,453	$ 16,522	$ 21,659	$ 2,422	$ 1,718,090	$ 853,354	$ 599,135	$ 254,219	2005
14	Brooke Utilities	2012		$ 734,847	$ -	$ 65,373	$ 8,320	$ 21,659	$ -	$ 803,482	$ 838,554	$ 620,132	$ 218,422	1995
15	Brooke Utilities	2013		$ 737,623	$ 50,000	$ 237,927	$ 118	$ 21,659	$ -	$ 958,773	$ 836,229	$ 680,513	$ 155,716	2036
16	Brooke Utilities	2014		$ 674,647	$ 424,595	$ 30,524	$ -	$ 21,659	$ -	$ 1,125,763	$ 872,560	$ 505,532	$ 367,028	2034
16	Brooke Utilities	2015		$ 662,003	$ 617,331	$ -	$ 21,123	$ -	$ -	$ 1,241,933	$ 835,976	$ 519,760	$ 316,216	2026

Net Plant

Revenues

Net Income

Circle City Water Company
Reported Financial Data

Memorandum Attachment Page 2

Line Number	Company Name	Year	a	b	c	d	e	f	g	h	i	j	k	l
			Net Plant	Cash	N/R from Associated	Net CIAC	AIAC	A/P to Associated	Equity	Revenues	Expenses	Net Income	Customer Coun
1	Circle City Water	1999	$ 71,883	$ 6,263	$ -	$ 4,552	$ 31,402	$ 1,454,233	$ (1,383,208)	$ 50,062	$ 140,142	$ (85,808)	
2	Circle City Water	2000	$ 64,989	$ 1,709	$ -	$ 3,402	$ 31,402	$ 1,740,877	$ (1,634,730)	$ 64,987	$ 288,425	$ (221,522)	161
3	Circle City Water	2001	$ 73,325	$ -	$ -	$ 2,802	$ 16,530	$ 1,931,346	$ (1,802,063)	$ 65,177	$ 232,461	$ (167,284)	165
4	Circle City Water	2002	$ 67,002	$ -	$ -	$ 2,202	$ 15,589	$ 2,095,213	$ (1,970,289)	$ 65,076	$ 233,188	$ (168,122)	165
5	Circle City Water	2003	$ 61,691	$ -	$ -	$ 1,601	$ 13,368	$ 2,224,977	$ (2,123,662)	$ 65,346	$ 218,620	$ (153,274)	167
6	Circle City Water	2004	$ 58,274	$ -	$ -	$ 1,001	$ 13,321	$ 2,357,405	$ (2,266,025)	$ 66,372	$ 208,301	$ (141,929)	167
7	Circle City Water	2005	$ 59,082	$ -	$ 5,000	$ 401	$ 16,750	$ 2,506,059	$ (2,416,884)	$ 64,388	$ 215,113	$ (150,725)	182
8	Circle City Water	2006	$ 70,051	$ 64,269	$ 5,000	$ -	$ 12,017	$ 95,657	$ 9,434	$ 70,732	$ 194,940	$ (124,208)	186
9	Circle City Water	2007	$ 68,185	$ 65,714	$ 5,000	$ -	$ 12,017	$ 197,134	$ (123,890)	$ 78,329	$ 211,698	$ (133,369)	194
10	Circle City Water	2008	$ 276,819	$ 65,714	$ 5,000	$ 102,269	$ 175,152	$ 306,238	$ (256,837)	$ 63,366	$ 184,770	$ (121,404)	186
11	Circle City Water	2009	$ 205,082	$ 65,714	$ 5,000	$ 103,310	$ 175,152	$ 495,804	$ (343,251)	$ 62,465	$ 148,866	$ (86,401)	
12	Circle City Water	2010	$ 245,088	$ 886	$ 5,000	$ 101,780	$ 175,152	$ 613,336	$ (425,096)	$ 62,388	$ 144,228	$ (81,840)	181
13	Circle City Water	2011	$ 230,202	$ 781	$ 5,000	$ 100,100	$ 175,152	$ 694,546	$ (512,470)	$ 59,194	$ 146,610	$ (87,416)	173
14	Circle City Water	2012	$ 402,029	$ 661	$ -	$ 83,712	$ 175,152	$ 782,396	$ (587,214)	$ 55,903	$ 130,645	$ (74,742)	179
15	Circle City Water	2013	$ 382,709	$ 80,711	$ -	$ 78,439	$ 175,152	$ 875,105	$ (634,774)	$ 57,358	$ 155,944	$ (98,586)	186
16	Circle City Water	2014	$ 350,993	$ 49,806	$ (41,011)	$ 238,830	$ -	$ 872,675	$ (712,847)	$ 60,270	$ 138,341	$ (78,071)	186
16	Circle City Water	2015	$ 321,769	$ 10,534	$ (80,587)	$ 224,799	$ -	$ 872,675	$ (804,987)	$ 60,614	$ 152,752	$ (92,138)	186

Net Plant

Revenues

Net Income

EXHIBIT D

For the Company's Customer Service, Staff recommends the Company provide the following information within 60 days of the Decision in this Docket:

1. **Call Center Matrix** – Please provide an organizational chart of the company's call center.
2. **Call Center Hours of Operation** – Please provide the operating hours of the company's call center including each day of the week when the call center is operational and the operating hours for each operational day.
3. **Call Center After Hours** – Please discuss in detail how the company handles emergency calls after hours.
4. **First call resolution** – Provide the percentage of calls that the agent resolves the caller's issue without having to escalate, transfer or return the call.
5. **Percentage of calls blocked** – Provide the percentage of callers that received a busy tone when they call.
6. **Average time in queue** – Provide the average amount of time callers wait in call queues before an agent responds.
7. **Average after call work time** – Provide the average amount of time an agent spends completing work related to the call after they finish the call.
8. **Service level** – Provide the percentage of calls answered within a specified number of seconds.
9. **Average abandonment rate** – Provide the percentage of callers who hang up before reaching an agent.
10. **Agent turnover rate** – What is the percentage of agents who leave the call center?
11. **Average speed of answer** – Provide the average amount of time it takes for the call to be answered by an agent or the Automatic Call Distributor (ACD).
12. **Average handle time** – Provide the average amount of time an agent spends speaking with the caller, including hold time.
13. **Schedule adherence** – To what extent do call center agent adhere with their assigned schedule?
14. **Escalation Matrices** – Provide a matrix of the how calls are escalated to call center supervisors and managers.
15. **Call Scripts** – Please provide copies of scripts provided to agents on how to respond to general and specific types of calls.
16. **Step-by-Step Call Resolution Flow Charts** – Please provide flow charts for call resolution.
17. **Call Center Training** – Please discuss the training offered by the company to its call center agents.

WS-02987A-16-0275

Arizona Corporation Commission

Utilities Complaint Form

Investigator: Michael Buck **Phone:** 602-364-1065 **Opinion Date:** 9/20/2016

Opinion Number: 2016 - 134751 **Priority: Respond within 5 business days**

Opinion Codes: Rate Case Items - In Favor **Closed Date:** 9/20/2016 4:23 PM

First Name: Christina **Last Name: Yaeger** **Account Name:** Christina Yaeger

Address: 4760 W Ponderosa Lane

City: Glendale **State:** AZ **Zip Code:** 85308

Cell: (803) 537-9567 Email: christina_m_yaeger@yahoo.com

Company: Johnson Utilities L.L.C. dba Johnson Utilities Company **Division:** Sewer*

Nature Of Opinion

Docket Number: WS-02987A-16-0275 **Docket Position:** For

I am filing my comment in FAVOR FOR Amy Simpson's Docket # WS-02987A-16-0275. Water is a basic human necessity to sustain life, human, plant and animal. Johnson Utilities either needs to reinstate the standpipe that they has come to rely or follow thru with their agreement to install water lines to the property. A parent should not have to worry about whether they will be able to safely obtain water for their family. It is very clear that Johnson Utilities has not followed thru on what they promised and have created extreme hardship on Mrs Simpson and her family. Regards, Mrs Christina Yaeger

Investigation

Date:	Analyst:	Submitted By:	Type:
9/20/2016	Michael Buck	Telephone	Investigation

Entered into the record and docketed. Closed.

WS-02987A-16-0275

Arizona Corporation Commission

Utilities Complaint Form

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Investigation

Date:	Analyst:	Submitted By:	Type:
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BEFORE THE ARIZONA CORPORATION COMMISSION

DOUG LITTLE
Chairman
BOB STUMP
Commissioner
BOB BURNS
Commissioner
TOM FORESE
Commissioner
ANDY TOBIN
Commissioner

IN THE MATTER OF RECENT WATER OUTAGES, WATER QUALITY, AND CUSTOMER SERVICE ISSUES AT BROOKE WATER, LLC AND CIRCLE CITY WATER LLC AND THE NEED FOR POTENTIAL REMEDIAL ACTIONS	DOCKET NO. W-03039A-16-0322 W-03510A-16-0322 DECISION NO. _____ ORDER

Open Meeting
September 23, 2016
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

INTRODUCTION

1. On August 21, 2016, at approximately 9:00 p.m., a water outage occurred on the Brooke Water, LLC ("Brooke"[1]) Lakeside Water System ("Lakeside") with service interruptions of varying magnitudes occurring over a three day period from five separate water line breaks. The Arizona Corporation Commission ("Commission") held a Special Open Meeting on Monday, August 29, 2016, to receive a status update on the water outages, water quality, and customer service issues at Brooke and Circle City Water Company, LLC ("Circle City") and to discuss a possible complaint order to show cause, possible preliminary relief, or other enforcement action. After a lengthy discussion of the outage and measures taken by the Company to address the outage, the Commission asked the Utilities Division Staff ("Staff") to do an investigation of Brooke and Circle City, their complaint

1 Brooke was incorporated in 1995; it is owned by Robert Hardcastle (managing member) and Chrystal Investments, LLC (a California registered Company).

history, circumstances surrounding the outage, and other matters relating to customer responsiveness, financial fitness and operating condition of the Companies' plant. Staff was asked to also look at the history of other affiliated water companies in Arizona. This Memorandum contains Staff's analysis and recommendations with respect to remedial actions. During its preparation of this Report, Staff conferred with Mr. Hardcastle on the findings and recommendations contained herein.

BACKGROUND

Short Summary of Brooke, BUI and Arizona Holdings

2. Brooke and Circle City are owned by Robert. Hardcastle (10 percent) and Chrystal Investments (90 percent). They provide water service to an area north of Parker, Arizona along the Parker strip, and to an area near Circle City, Arizona. Mr. Robert Hardcastle is the managing member of Brooke and Circle City. These two companies were originally owned by Consolidated Water Utilities Co. LTD ("Consolidated"). Consolidated filed a bankruptcy petition under Chapter 11 and subsequently all of the assets of Consolidated were sold at an auction sale on October 16, 1995 to Brooke. In Decision No. 59435 (December 29, 1995), the application for approval of the sale of assets and transfer of Certificate of Convenience and Necessity ("CC&N") of its Apache Junction Division from Consolidated to Brooke was approved.[2] In Decision No. 59754 (July 18, 1996), the application for approval of the sale of assets and transfer of the CC&N of Circle City and Brooke from Consolidated Ltd to Brooke was approved by the Commission.

3 In 1996, Brooke purchased United Utilities, C&S Water Company, Desert Utilities, E&R Water, High Country Water, Pine-Oak Water and Williamson Waterworks, all of which had outstanding Orders to Show Cause with customers experiencing billing issues, water service issues and water shortages. See Decision No. 58779. The systems were in a deteriorating state.

4. In early 1998, applications were made to reorganize the water utilities' structure of Brooke Utilities, Inc. ("BUI")[3] to correspond with geographical boundaries. The applications included

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2 In Decision No. 59435 (December 20, 1995), the transfer of the Apache Junction Division from Brooke to the Water Utilities Community Facilities District and cancellation of the CC&N for Apache Junction was approved.

3 BUI was controlled by Chrystal Investments LLC which owned 90 percent of the stock and by Mr. Robert Hardcastle who owned the remaining 10 percent of the stock. BUI is registered as a foreign corporation in California. The Commission's e-Corp lists BUI as not in good standing and having been administratively dissolved for not filing annual reports.

requests for approval of the transfer of portions of assets and corresponding CC&Ns of BUI's existing water companies, Brooke Water, C&S Desert Utilities, High Country, Pine-Oak E&R, United Utilities and Williamson Waterworks to the following companies: Brooke Water, Circle City Water C., LLC, Tonto Basin Water Co., Inc., Payson Water Co., Inc., Pine Water Co., Inc., Strawberry Water Co., Inc., and Navajo Water Co., Inc. ("Transferees). The purpose of the reorganization was to achieve operating, administrative, and regulatory reporting efficiencies. There were no changes in terms of rates and tariffs, ownership, management or operations of the current water systems. The Commission approved the reorganization on June 19, 1998, in Decision No. 60972.

5. Various sales and condemnations have resulted in CC&N cancellations for the Pine Water Company and the Strawberry Water Company. On October 6, 2009, a Final Order of Condemnation was entered by the Superior Court in Case No. P13OOCV20090785 vesting ownership and possession of Pine Water Company and the Strawberry Water Company in the Pine Strawberry Water Improvement District. The CC&Ns for both Pine and Strawberry were cancelled on April 6, 2010.

6. Payson Water Company, Tonto Basin Water Company and the Navajo Water Company were subsequently sold to J. W. Water Holdings in June, 2013 under a confidential Stock Purchase Agreement.

7. Brooke and Circle City are located in the Counties of La Paz and Maricopa respectively. Brooke serves approximately 2,000 customers and Circle City serves approximately 190 customers respectively[4]. Brooke[5] has 7 systems (if Circle City is included as a system) with customer counts as follows: Holiday Harbor (226), Lakeside (799), Marina Village (226), Moovalya Keys (553), Parker Dam (191), Rio Lindo (31) and Circle City (190. Tariffs for Brooke Water have been in effect since April 1, 1994. Tariffs for Circle City Water Co. have been in effect since January 8, 1998.

The Recent Brooke Water LLC Outage

8. The outage occurred on a Sunday evening around 9:00 p.m. in Parker, Arizona. It initially affected approximately 50 customers. Mr. Hardcastle first reported the outage to the

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4 Annual Reports for year ending 12/31/2015.
5 Annual Report for Year Ending 12/31/15.

Commission's Consumer Services Division on Monday, August 22, 2016, at 1:44 p.m. Two additional leaks erupted and were reported.

9. In the morning of August 23, 2016, at 7:09 a.m., Mr. Hardcastle provided an update advising that Company personnel had again worked through the night repairing water main leaks. The main leaks were caused by a high Pressure Reducing Valve failure. The valve was located between four sections of customers separating upper Lakeside from lower Lakeside. The customers are separated by various pressure zones because of elevation differences in the service areas. A high pressure reducing valve holds back high pressure on one side of a valve against lower pressure on the other side of the valve. The Company also reported that two additional leaks had erupted. On Tuesday evening, August 23, 2016, Staff was advised that the valve was repaired and water was slowly being introduced back into the lines and that by approximately 10:00 p.m., the lines were fully pressurized. Water service had begun to slowly return to interrupted customer service sites on August 23rd. According to the Company, complete pressurization of the system was completed the evening of August 23rd. Mr. Hardcastle also advised in an email communication to Staff the next morning that water (non-potable) was delivered to a location in Parker for customers' use and bottled water was also delivered.

10. Staff Engineer Frank Smaila noted that there had been a total of 5 breaks between Sunday evening and Tuesday at 1:30 in the morning. The breaks occurred over a three day period (August 21, 2016 thru August 23, 2016). The breaks were in the same general areas in the low elevation area around the river.

11. At the Open Meeting, Mr. Hardcastle stated that on Tuesday morning, after numerous conversations with the water operator, Dale Allred, he made the decision to contact other industry sources because of the number of items that needed attention. He contacted EPCOR (Lake Havasu/Bullhead City) to assist in returning customers to service. On August 24th, EPCOR made permanent repairs during a planned outage lasting about an hour, which included rebuilding the pressure release valves. Mr. Hardcastle then reported to the Commission's Consumer Section that the Lakeside water system was functioning normally. EPCOR should be commended for providing assistance to a smaller water company when it needed help.

12. At various times of repair during this period as many as 200 plus customers (and as few as 50 plus customers) were out of service depending on pressure zones repair status and construction replacement. The Lakeside system has approximately 800 customers with 200 of these customers on the lower system and 600 on the upper system.

13. Consumer Services and others at the Commission began receiving calls from customers and County Officials on August 23rd about the outage. They reported that they were having difficulty reaching the Company personnel to obtain information on the outage. Chairman Little convened a meeting with a number of agencies on Friday morning, August 26th. The primary purpose of the meeting was to discuss what went wrong with the communications regarding the outage and the need to immediately determine that the water was safe to drink. An ADEQ inspector went out on Friday to test the water to ensure that it was safe to drink. Notification was received from ADEQ over the weekend that the water was clean and safe to drink.

14. Apparently, County and Emergency officials had not been contacted about the outage. One Official indicated that while the outage occurred on Sunday, he did not hear about it until Tuesday. Further, he heard about it from a customer; not the Company.

15. Because of the numerous concerns raised regarding water safety, lack of communication and other concerns such as the safety of the asbestos piping used in the system; the Utilities Division Staff was asked to look at these issues and report back to the Commission.

STAFF ENGINEERING, CONSUMER SERVICE AND FINANCIAL FINDINGS

The Brooke Water Plant Facilities -- Engineering Field Inspection Findings

16. The plant facilities were field inspected on August 29, 2016, by Staff Engineer Frank Smaila. Dale Allred, Brooke operations superintendent, accompanied Mr. Smaila on the site visit.

17. Lakeside water system's main and only water source is the Colorado River. Two 10 horsepower pumps are utilized to transfer river water to two pressure sand filters. Pressure filters are used to remove solids from the river water. Pressure filter backwash is sent to two 50,000 gallon lined backwash ponds. The Company owns three storage tanks (1-50,000 gallon, 1 – 100,000 gallon and 1-300,000 gallon) in the Lakeside water system. The filtered water is chlorinated and sent to a 50,000 gallon storage tank. This storage tank utilizes a 25 horsepower booster pump to deliver the

chlorinated drinking water to a 300,000 gallon and a 100,000 gallon storage tank. The tanks and one Pressure Reducing Valve deliver the drinking water to approximately 800 primarily residential connections.

18. Staff determined based upon its field inspection that the mechanical equipment is in good working order and maintained adequately. The exterior of all plant equipment made of steel has not been adequately maintained. The majority of the distribution system piping is made of asbestos cement and the safety of the piping was questioned during the Special Open Meeting.

19. Staff Engineer Smaila observed through use of a camera telephoto lens, that the rust was quite extensive on the 50,000 gallon storage tank with the possibility of rust through to the tank interior suspect. If the interior has been compromised, contamination could occur.

20. At the Special Open Meeting, much concern was expressed regarding the asbestos cement piping. At the Special Open Meeting, Mr. Smaila indicated that the pipes have been in the ground since 1962 and are probably getting near the end of their useful life. This type of pipe was installed in water systems in North America starting in the 1930s until early in the 1980s. It was an affordable non-corroding alternative to metallic pipes in areas prone to corrosion. Health concerns often led to the installation of new pipe materials including metallic or PVC, although there was no evidence of water-born fiber related illnesses. Asbestos cement piping as of the mid-1990s in North America was as high as 12 to 15 percent of all potable water mains. The Company is subject to mandatory participation in the Monitoring Assistance Program ("MAP"). However, MAP only conducts asbestos sampling at the entry point of the distribution system. MAP last analyzed for asbestos in February of 2013 and the results were nearly non-detect. According to ADEQ the asbestos sampling frequency for Lakeside is only once every 9 years.

21. In the Lakeside System, Pressure Reducing Valves are used to reduce the pressure of the water delivered to customers in low lying areas. If it were not used, the water pressure in low lying areas would be well over 100 psi. The Pressure Reducing Valve first failed on August 21, 2016 resulting in the first water line break on Harbor Drive. It is surmised that the break was not recognized as being related to a failure in the Pressure Reducing Valve at that time. After four more breaks, the operator noticed on August 23, 2016, a small diameter copper line, part of the Pressure

Reducing Valve, was leaking. This was repaired and then the operator noticed that the Pressure Reducing Valve was not operating properly. Mr. Hardcastle took the extraordinary step of calling EPCOR in to help because of the number of issues presenting.

22. The Utilities Division Engineering Section made the following conclusions based upon the site visit and analysis of information obtained regarding the Brooke – Lakeside's operations:

a) The Lakeside water system consists of two 10 hp pumps, two pressure sand filters, two 50,000 gallon lined backwash ponds, one chlorinator, three storage tanks, one booster pump, one pressure reducing valve and a distribution system serving approximately 800 primarily residential connections.

b) The Lakeside water system has adequate source production and storage capacity to serve the present customer base and approximately 1,100 additional customers.

c) The majority of the distribution system piping is made of asbestos cement.

d) Dale Allred, operations superintendent, supervises the operation of Lakeside water system and six other water systems and has approximately seven years of experience as a certified operator. Mr. Allred does a good job running the water system and is extremely conscientious, but appears to lack experience and knowledge of Pressure Reducing Valves

e) All of Brooke Water Systems, PWS No's 15-006, 15-010, 15-011, 1527, 15-040, 15-058 and 07-112, are in compliance with ADEQ requirements and are currently delivering water that meets water quality standards required by Arizona Administrative Code ("A.A.C."), Title 18, Chapter 4.

f) The Company is not located within an ADWR Active Management Area and all Brooke Water Systems are currently **not** in compliance with departmental requirements governing water providers and/or community water systems.

g) According to the ACC Utilities Division compliance data base, the Brooke – Lakeside System has no delinquent Commission compliance items.

h) The Company does not have a Curtailment Tariff on file.

i) The Company has an approved Backflow Prevention Tariff on file with an effective date of January 13, 1994 when the water system was owned by Consolidated Water Utilities, LTD.

j) The 50,000 gallon storage tank has extensive rust and possibly the interior has been compromised.

k) The exterior surface of all tanks have surface rust and degrading paint.

l) The water loss cannot be calculated due to the Company not measuring the backwash water utilized.

m) The 100,000 storage tank was overflowing drinking water contributing to overall water loss.

n) The Lakeside water system experienced service interruptions from five separate water line breaks over a three day period (August 21, 2016 through August 23, 2016.)

Circle City Plant

23. According to its 2015 Annual Report, the Circle City water system consists of one 75 gpm groundwater well, four storage tanks (totaling 125,000 gallons), two 10 hp booster pumps, and one 5,000 gallon pressure tank, one chlorinator and a distribution system serving approximately 186 customers. The system is located in Maricopa County, is self-sustaining and does not purchase water from another water system. Dale Allred is the certified operator.

24. According to the Maricopa Environmental Services Department ("MESD") Compliance Status Report, dated September 7, 2016, MESD reported that Public Water System ("PWS") No. 07-112 is in compliance with MESD requirements and is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.

25. The water system is not located within an ADWR Active Management Area. Staff received Water Provider Compliance Status Reports dated September 1, 2016. ADWR reported that the water system is currently not in compliance with departmental requirements governing water providers and/or community water systems. ADWR states that "No Record of Submission for 1st Update of their System Water Plan" has been provided as required.

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Customer Service and Outages -- Consumer Service Section's Findings

26. Staff looked at the complaint history of Brooke and Circle City and the number of unplanned outages which occurred in the last year, as well as the Company's handling of the outage in August, 2016.

27. Brooke's complaint history from 2005 through 2016 is contained in Attachment B at pages 14-15. Complaints filed with the Commission have gone from a high of 40 in 2012 to 20 in 2016. Complaints in Circle City have gone from a high of 13 in 2012 to zero in 2016. Of the 20 complaints filed in 2016 for Brooke, the top issues were billing, outages and customer service.

28. The Company also provided its call center statistics for January through August of 2016. The Company's call center categorizes the calls into one of the following 11 categories: 1) service on request; b) close account (service off); c) statement and payment inquiry/bill copy; d) meter re-read request; e) payment arrangement; f) leak report; g) water service interruption/conservation; h) customer account inquiry; i) credit and payment process; j) disconnections related and k) other.

29 With respect to outages, in addition to the service interruptions and outages experienced during the event in August, 2016; Brooke has had 4 other unplanned outages and Circle City has had 1 unplanned outage in 2016. The cause of the other four unplanned outages in Brooke were to repair emergency leaks. Most were 2-3 hours in duration. The number of customers affected was from 15-150.

30. With respect to the August incident involving the Lakeside system, notification could have and should have been handled more efficiently. Customers that had provided their email addresses, if updated, received notices and updates. If a customer did not register his email address, he did not receive a notice or update.

31. Notifying County Officials, the Arizona Department of Environmental Quality ("ADEQ") and others was clearly overlooked.

32. Staff had difficulty reaching Mr. Hardcastle multiple times throughout the outage. The La Paz County Sheriff's office called to see if we could contact Mr. Hardcastle or provide a number. King Clapperton, a La Paz County Supervisor, advised that he was also unable to reach Mr. Hardcastle. The Staff had the same telephone numbers the County Officials were using. Staff agreed

to get their messages to him if Staff was able to make contact. Later, Staff learned that at no time was Mr. Hardcastle in the Parker Area during or after the outage.

33. Consumer Services began receiving calls Tuesday afternoon. Some customers did not want to be identified and thus the Staff agreed not to include their names in the Commission's database.

Financial Fitness of Brooke and Circle City

34. Brooke has not filed a rate request since the early 1990s. The Commission's Revenue Requirements and Audits Section looked at various financial indicators to gauge the continued financial fitness of the Brooke Water and Circle City Water Companies. The Division also looked at a history of certain financial parameters for all of the Companies managed by Mr. Hardcastle over the years.

35. Brooke Water's last request for a rate increase was in 1991, which was prior to Robert Hardcastle's purchase of the Company. The financial analysis shows that in general Brooke has consistently reported strong Net Income levels for all years during the review period (1999-2015). Total revenues have stayed relatively flat during this entire period and total net plant in service has dropped slightly (from $865,213 recorded at the end of 1999 to $662,003 recorded at the end of 2015. This indicates that only small additions have been made to plant during this 15 year period.

36. Brooke reported Net Income in excess of $300,000 in 2015 on a remaining rate base of approximately $662,003. Based upon Staff's very cursory review of this matter, Brooke appears to be over-earning.

37. The annual cost-of service utilized to set the Company's rates included a recurring level of annual repairs and maintenance expense of $267,309; however actual repairs and maintenance expense has been substantially below this level. For instance, in 2015, reported repairs and maintenance expense were $89,508.00

38. The Company is considering filing a rate case sometime within the next 5 years.

39. Circle City has not filed a rate case since the 1990s. It has routinely reported substantial Operating Losses during the same approximately 15 year period (e.g. (92,138) in 2015).

Total reported revenues were relatively flat during this period of time. The data also suggests that relatively substantial investments were made in plant-in-service in 2008 and perhaps again in 2012.

History of the Company's Management of Other Arizona Water Companies

40. The Utilities Division was asked to also look at the management of companies affiliated with Brooke and Circle City in Arizona and issues arising during their operation under BUI.

41. At the Special Open Meeting, Mr. Hardcastle stated that he has been in the water business for 25 years. During that time he stated that he has had 11 different companies, 43 different water systems, and responsibility for 11,000 customers. In reviewing the history of water companies owned by BUI in Arizona, BUI has purchased companies that were in financial distress (Consolidated) and suffered from various problems, predominantly those associated with water shortages. He acquired several, including Brooke and Circle City, in an auction conducted as part of a Chapter 11 bankruptcy proceeding involving Consolidated Utilities.

42. Several others, including what later became the reorganized Payson, Tonto Basin, Navajo, Strawberry and Pine companies, were purchased at a time when the companies had outstanding Orders to Show Cause with customers experiencing billing issues, water service issues and water shortages. See Decision No. 58779. Prior to BUI taking over from the previous owner, Rich Williamson, the systems were in a deteriorating state. Following is a short history of the BUI affiliated companies in Arizona.

Pine Water Company and the Strawberry Water Company

43. Pine provides water service to approximately 2,000 customers[6] in Pine Arizona, an area located 15 miles northwest of Payson in Gila County, Arizona. The Strawberry Water Company provides water service to approximately 1,079 customers in Strawberry, Arizona.[7] Pine in particular suffered from a myriad of troubles before it was purchased by Mr. Hardcastle and Brooke Utilities in 1996. The territory served by Pine was subject to water shortages, where groundwater is the primary source of water. Pine Water's service area was susceptible to shortages in dry years and during the summer months when demand was highest. Various decisions of the Commission, Decision Nos.

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6 See Annual Report for year ending 12/31/08/
7 See Annual Report for year ending 12/31/08.

56539 (July 12, 1989), 56654 (October 6, 1989), 57047 (August 22, 1990), and 59753 (July 18, 1996), imposed a moratorium, and prohibited additional main extensions with some slight modifications in the later decisions to allow a limited number of new service connections under certain conditions.

44. It appears that BUI invested substantial capital ($1.2 million) in the Pine and Strawberry Water Companies to improve their operational efficiency and to augment their water supply. His most significant improvement was "Project Magnolia," an eight-inch, 10,300 foot long water pipeline connection from the Pine Water system to the Strawberry Water Company. It can transport more than 700,000 gallons of water daily from Strawberry (where groundwater is more plentiful) to Pine or vice versa. New wells were drilled by both Companies and storage capacity was added to both systems. In addition the Company also represented that it recaptured water by repairing leaking infrastructure and more than 700 leaks in the combined System areas. The Companies also replaced non-functioning meters (approximately 400) in the combined service areas. The improvements were such that the application of Pine for modification of the moratoria on new service connections and main extensions was approved subject to certain conditions.

45. Pine filed a rate case in 2003 and the Commission approved a settlement agreement with modifications. During this case, the issue of lack of timely responses to customers came up. The process required customers to call a 1-800 number to report leaks. It was reported that it often would take hours, if not days, before a service person was dispatched to repair reported leaks. When the Company's actions were compared to its guidelines, the Commission noted that the policy described in the Company's written guidelines was not being followed consistently. Decision No. 67166 also noted that calls to the call center in California are often dropped or, even if the caller gets through to an operator, responses to reported leaks are not investigated in a prompt manner.

46. In Decision No. 67166 the Commission found:

> We believe that it is incumbent upon a public service corporation to be responsive to customer inquiries of all types, but especially in situations where leaks or outages are reported that have the potential to jeopardize the health and safety of the customers served by the utility. The Commission recognizes that Pine Water has a customer service problem.

47. The Commission also noted in that decision that Brooke Utilities call center employees have no customer service training. Various remedial measures were ordered, including implementation of improved customer service procedures, personnel training, response times and reporting requirements.

48. As discussed earlier, the assets of both Companies were subsequently condemned and acquired by the Pine-Strawberry Water Improvement District. The Final Orders of Condemnation were entered by the Yavapai Superior Court on October 6, 2009. An ad taken out in a local newspaper by customers in support of the condemnation stated that there had been inadequate investment and referred to poor customer relations and poor billing clarity. Mr. Hardcastle responded in a letter expressing his belief that customers were dissatisfied with the curtailments that had occurred.

Payson Water Company, Tonto Basin Water Company and Navajo Water Company

50. Payson Water is located in the Payson area of Gila County and consists of nine independent water systems including Mead's Ranch, East Verde Estates, Flowing Springs, Geronimo, Mesa del Caballo, Star Valley/Quail Valley, Whispering Pines, Star Valley and Deer Creek Systems. In 2005, the systems served approximately 4,100 customers. Payson Water was plagued with a history of water shortages as well. BUI acquired United Utilities in 1996. In 1998, the Company filed an application for a Curtailment Order and a moratorium on new connections, line extensions and an emergency interim rate increase. The Company was experiencing numerous issues, most importantly water shortages. On July 6, 1998, the Commission's Utilities Division had received a petition signed by a significant majority of the customers of Mead's Ranch complaining of continual water outages and what was termed "an inadequate water delivery system" and that United's parent corporation, BUI had failed to address the problem after acquiring United in 1996. The Commission noted that, in the capital plan presented by the Company, no allowance was made for either well improvement or the cost of a new well to increase water production At the time, it was represented that Mead's Ranch had only one 800 foot deep well in use since 1956 which could not meet demand. The Commission's Order stated that the well was producing approximately 77 gallons of water per customer per day which was inadequate to serve the ten to twenty customers who were full time residents at the time.

Additionally, it was brought out that Mead's Ranch was unmetered. In 2004, Brooke filed a curtailment plan tariff which was approved by the Commission in Decision No. 67821.

51. Payson filed an application for the emergency implementation of a water augmentation surcharge or emergency rate tariff due to water shortages on its Mesa Del Caballo System in 2010. The Company claimed that it could no longer augment the water supply for this system and in 2009 it states that it absorbed $59,137 in water hauling costs for this system. The emergency water augmentation surcharge tariff was approved on September 28, 2010, in Decision No. 71902. Water shortages, turn-offs and augmentation charges in its various systems also spawned a host of formal complaints. Payson was one of the Companies sold to J.W. Holdings in 2013 pursuant to a Stock Purchase Agreement.

52. Navajo provided water service in the vicinity of Show Low, Navajo County, Arizona. Navajo had three separate systems: 1) Chaparral Pines System, 2) the Laguna Estates System, and 3) the Summer Pines System. Navajo was acquired by BUI in a stock purchase wherein Brooke acquired the outstanding stock of Richard S. Williamson in United Utilities. Navajo filed for a permanent rate increase in February 24 1999, which was granted in Decision No. 62631 dated March 6, 2000. E-Docket shows applications for a curtailment tariff, water augmentation tariff and cross-connect tariffs; suggesting that water shortages were also an issue. A scan of eDocket reveals nothing remarkable with respect to BUI's management, prior to its sale to J.W. Holdings in 2013.

53. Finally, Tonto Basin, was also acquired from Richard Williamson in 1996. It had an active Order to Show Cause (OSC) pending before it was acquired by BUI in 1996. The Complaint alleged that the prior owner had: 1) failed to pay APS electric bills violating A.R.S. Section 40-361(B); 2) failed to file main extension agreements with the Commission for approval, violating A.A.C. R14-2-406(M); 3) failed to make appropriate refunds of advances paid under main extension agreements, violating R14-2-406(D) and (M); 4) failed to accrue interest to customers deposits, violating A.A.C. R14-2-403(B)(3); 5) failed to credit deposit interest to customer bills annually, violating A.A.C. R14-2-403(B)(4); failed to refund customer deposits after the customers established a twelve month "good payment" history, violating A.A.C. R14-2-403(B)(5); 6) failed to obtain Commission for the transfer of the Portal IV well, violating A.R.S. Section 40-285; 7) failed to provide adequate, efficient and

reasonable service by not following proper customer deposit procedures, violating A.R.S. Section 40-361(B); and 8) failed to provide adequate, efficient and reasonable service by transferring a well asset violating A.R.S. Section 40-361(B). The Commission dismissed the Complaint after BUI provided documenting demonstrating that all issues had been resolved.

54. Thereafter, a scan of e-Docket indicates that this Company's history under BUI appears to be largely unremarkable. There were applications filed for curtailment tariffs, water augmentation fees and other similar items suggesting that water shortages may have been an issue for the System. Tonto Basin was one of those sold to J.W. Holdings in 2013 pursuant to a Stock Purchase Agreement.

STAFF ANALYSIS

55. Neither Brooke nor Circle City suffer from frequent water shortages which have plagued several of the other companies managed by Mr. Hardcastle in Arizona. However, like other systems he has managed, the plant in service is older and is nearing the end of its useful life.

56. From an operational perspective, Staff Engineer Smaila reported that the mechanical plant for Brooke is in good operating condition. He also reported that the System Manager/Operator was proficient in his duties; although he lacked sufficient training in Pressure Reducing Valve operation and repair.

57. Financially, despite the fact that he has not been in for a rate case in many years, Brooke shows strong financial performance. However, some expense levels approved in the last rate case are considerably out of date suggesting a need for a rate review. Circle City has been operating at a loss for this same time period suggesting that the company should come in for a rate adjustment.

58. The Brooke and Circle City Companies' unplanned outage reports to the Commission do not suggest anything out of the ordinary. However, the August 2016 outage was more serious and probably the most serious outage in Brooke's history under Mr. Hardcastle's management. That outage underscores the need for substantial improvement in several areas including plant maintenance and repair, emergency reporting and customer responsiveness.

59. At the Special Open Meeting, concerns were raised about billing, lack of communication and rudeness at the Company's Customer Service Center.

60. Staff's analysis reveals that the source of these issues is multifaceted. Brooke faces a greater than normal risk of communication challenges during an outage because the manager member, Mr. Hardcastle, resides/works in California, the existing call center has been in Costa Rica since 2007, and the local operator is based in Parker. The Company primarily relies upon e-mail communications between the manager, the call center located in Costa Rica, and local operations. If any of these are not on e-mail for a period of time, communications will not be timely read and acted upon. This is exacerbated by Mr. Hardcastle's reluctance to provide a cell phone contact, either his personal or second cell phone.

61. Mr. Hardcastle is rarely in Arizona either to visit the companies he manages or to meet with county officials and customers. During the 3 day outage, he was trying to manage the outage from a remote location in California, while on a planned vacation which began prior to the outage.

62. During the outage, Mr. Hardcastle did not reach out to county and emergency personnel. One County official stated that the outage took place Sunday evening and he did not hear of it until Tuesday afternoon from a constituent. Not all customers were notified of the outage and given regular updates. Emergency management stated at the Special Open Meeting that they cannot do their part without everyone being informed. Another County official at the Special Open Meeting indicated that the problem with poor communications has been ongoing since Brooke took over the system.

63. This communications breakdown also manifested itself in the Emergency Operations Plan ("EOP") which the Company has put in place pursuant to ADEQ requirements. Mr. Hardcastle revised the Brookes' EOP on August 29th to address deficiencies in the prior EOP. The revised EOP is attached as Exhibit A. While the Plan calls for communications with and by the Company's President under certain levels of conditions, Mr. Hardcastle was not available at either the e-mail or phone numbers listed in the EOP. In addition, at the time the outage occurred.

64. The Company either failed to do immediate follow-up testing of the water to ensure it was safe or simply failed to inform the Commission and others that it had been done; so people were left wondering if the water was safe to drink. In the absence of any communication from the Company on the safety of the water, the Commission asked ADEQ to go out and test the water. The

Company also failed to arrange for bottled water and non-potable water hauling and instead the County provided it.

65. An informal Complaint was also recently filed in July, 2016 with the Commission's Consumer Services Division, regarding a dispute about an easement. Brooke claims an easement for a high pressure water main which apparently runs across an individual's property. However, the easement was apparently not recorded. Brooke Lakeside's predecessor water company owners apparently installed a high pressure water main down the middle of the two parcels following the property line, according to Mr. Hardcastle. The two adjoining property parcels affected were at one time owned by different parties. The Complainant bought the interest of the other parcel and now wants to build a structure across both parcels but the high pressure water main would be below the proposed structure. Mr. Hardcastle and the customer have apparently discussed several options including relocation of the main to the north side of the two parcels. The parties have not reached any agreement yet on what can be done. While such property disputes are normally under the jurisdiction of the Superior Court, as an initial step, Staff believes that the Company should map the existing location of the underground high pressure water main on the affected parcel.

STAFF RECOMMENDATIONS

66. Staff believes the following recommendations will assist the Companies in resolving issues and remedying existing operational consumer service concerns. Staff has spoken to Mr. Hardcastle, the managing member of the Companies, about these recommendations.

System, Operational and Engineering Recommendations

67. The Company should be required to (for Brooke unless otherwise indicated):

a) Contact ADWR to discuss a path to becoming immediately compliant with departmental requirements governing water providers and/or community water systems. (This applies to both Brooke and Circle City).

b) File an application for a Curtailment Tariff with the Commission.

c) Refile the Backflow Prevention Tariff utilizing the revised Cross Connection/Backflow Tariff form.

d) Repair the rusted areas of the 50,000 gallon storage tank and inspect the tank interior.

e) Recoat the interior of the 50,000 gallon storage tank with National Sanitation Foundation approved coating if the tank interior has been compromised.

f) Adjust or repair the altitude valve controlling flow to the 100,000 gallon storage tank to stop the water loss through the tank overflow piping.

g) Hire a trained technician to perform whatever is required to eliminate water loss at this location, if the operator is unable to adjust or repair the valve.

h) Provide means to train the operators in PRV diagnostics and repair.

i) Recondition the exterior surface of all tanks and develop a schedule for tank maintenance.

j) Sample the drinking water at several locations in the distribution system to assess the safety of continued utilization of the current asbestos-cement piping

k) Install a meter on the backwash piping as soon as practical so that the water loss may be determined.

Consumer Service Recommendations

68. The Company should be required to (for both Brooke and Circle City)

a) Utilize the new Outage Reporting Form on the Utilities Division website for future outages.

b) Immediately notify not only the Commission, but the County Sheriff's Office, the County Office of Emergency Management, the County Board of Supervisors, (Other County Officials?), the Arizona Department of Environmental Quality, when an outage occurs as per the revised EOP.

c) Include an Outage Message to all who call the Call Center of the outage and ensure it is updated as needed.

d) Conduct an outreach effort to obtain email addresses for a more timely notification to as many customers as possible.

e) Immediately schedule a customer service training program for Service Center employees with a set of metrics commonly used to assess service center performance.

The Company shall chose among the metric in Exhibit B and provide Staff with targets, implementation dates and reporting requirements.

f) Develop a Company website where customers can obtain information.

g) Conduct an extensive outreach effort at least twice a year with city and county officials and customers to discuss communication, service quality and ideas for improvement.

h) Obtain a second cell phone (for Mr. Hardcastle) for business use and provide that phone number to officials mentioned in the Emergency Operations Plan (and any other designated individuals). The phone should have the ability to monitor emails and have other applications that might improve communication at critical times.

i) During an outage of a magnitude similar to the August outage, Mr. Hardcastle shall commit to be present on-site or to have an individual who is authorized to make decisions in his absence.

j) Periodically update its Emergency Operations Plan approved by ADEQ on August 29, 2016 to include such things as a phone number and e-mail address for the Companies at which Mr. Hardcastle can be reached.

k) Make good faith efforts to resolve the easement dispute which is currently pending as an informal complaint; and map the Company facilities in the affected parcel.

Recommendations Regarding Financial Fitness

69. The Company should be required to (for both Brooke and Circle City):

a) File a System Improvement and Budget Plan with the Staff for review and input.

b) File a rate case by June 1, 2018 for both Brooke and circle City with a test year ending not later than December 31, 2017 with a test year ending June, 2017. Compliance with items addressed in this Report shall be assessed in the rate case.

CONCLUSIONS OF LAW

1. Brooke Water Company and Circle City Water Company LLC are public service corporations within the meaning of Article XV of the Arizona Constitution.

2. The Commission has jurisdiction over Brooke Water Company LLC and Circle City Water Company LLC and the subject matter of this filing.

3. The Commission, having reviewed the Staff's Memorandum dated September 20, 2016, concludes that Staff's recommendations are in the public interest and should be adopted.

ORDER

IT IS THEREFORE ORDERED that Brooke Water Company LLC, Lakeside Division, shall comply with the Operational and Engineering recommendations contained in Finding of Fact 67.

IT IS FURTHER ORDERED that Brooke Water Company LLC and Circle City Water LLC shall comply with the Consumer Service recommendations contained in Finding of Fact 68.

IT IS FURTHER ORDERED that .Brooke Water Company LLC and Circle City Water LLC shall comply with the Financial Fitness recommendations contained in Finding of Fact 69.

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IT IS FURTHER ORDERED that Brooke Water Company, LLC and Circle City Water LLC shall provide monthly updates on its progress in meeting the Staff recommendations contained in Findings of Fact 66, 67 and 68.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN LITTLE COMMISSIONER STUMP

COMMISSIONER FORESE COMMISSIONER TOBIN COMMISSIONER BURNS

IN WITNESS WHEREOF, I, JODI A. JERICH, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this _____day of _____, 2016.

JODI A. JERICH
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

TMB:nr/MAS

SERVICE LIST FOR: Brooke Water Company, LLC and Circle City Water Company, LLC
DOCKET NOS. T-03039A-16-0322 AND T-03510A-16-0322

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EXHIBIT A

Decision No._____

EMERGENCY OPERATION PLAN

(EOP)

BROOKE WATER LLC

La Paz County, Parker, AZ

Public Water System #	Water System Name	Community Water System #	# Connections
15-015	Lakeside (LKS)	91-000742.0000	798
15-027	Parker Dam (PD)	91-000748.0000	196
15-058	Holiday Harbour (HH)	91-000752.0000	226
15-006	Moovalya Keys (MK)	91-000741.0000	558
15-040	Rio Lindo (RL)	91-000751.0000	31
15-011	Marina Village (MV)	91-000743.0000	224

In accordance with Arizona Administrative Codes R18-4-116

Revised: **August 29, 2016**

This document contains certain information and material that is confidential, privileged and is intended for authorized water company personnel, authorized water company representatives, authorized regulatory agency personnel and emergency response personnel only. ***THIS INFORMATION IS NOT TO BE SHARED WITH UNAUTHORIZED PERSONS AT ANY TIME****. Please secure your copy appropriately at all times. If you misplace or loose your copy, please notify your supervisor immediately. Please destroy all previous versions or revisions of this document as referenced below.*

If you have found this document you may not read, copy, distribute or use this information. Please immediately notify Brooke Water LLC at (661) 633-7526.

Original Date: January 20, 1994
1st Revision: November 11, 2003
2nd Revision: May 5, 2009
3rd Revision: August 29, 2016

Table of Contents

Brooke Water LLC Estimated Use of Water – 2015

Description	Gallons	Gallons	Difference
BOR Colorado River Diversions	143,154,700		
Back wash water		11,213,660	
Main leaks		5,500,000	
Service line leaks		1,125,000	
Distribution system leaks (other)		1,500,000	
Customer Consumption		98,615,907	
Unaccounted for water (customers)		1,000,000	
Unaccounted for water (BWLLC)		1,000,000	
Media filtration repair/replacement		330,000	
Construction water		0	
Meter error loss		3,578,868	
Other		0	
Total	143,154,700	123,863,435	19,291,266

Purpose and Authority

The purpose of this Emergency Operations Plan ("EOP") is to establish and to maintain as current the procedures necessary to utilize alternative water supply sources in the event of a contamination or loss of existing source. It is also the purpose of this EOP to identify and maintain current emergency contact information of local County, State, Regional, and Federal Agencies, as applicable, that are to be advised of significant water service interruptions ("WSI") in accordance with the Emergency Operations Levels ("EOL") established by Brooke Water LLC below:

Emergency Level	Emergency Description	Contact Required
1	Routine non-emergency water service interruption of two hours or less in duration; usually effects less than ten customers; repair, replacement of operational components; flushing, chlorination may be required.	ACC, La Paz County, Customers
2	Non-routine emergency water service interruption of not more than four hours in duration; usually effects more than ten customers; repair, replacement, modification of components as required; flushing, chlorination, water quality testing may be required.	ACC, ADEQ, La Paz County, Customers
3	Severe emergency water service interruption of more than four hours or unknown duration; any type operational components modification may be required; depending on exposure flushing, chlorination, water quality testing are required.	ACC, ADEQ, La Paz County, Customers

This plan was produced as part of the requirement under Arizona Administrative Codes Title 18, Chapter 4, Article 116 under the Authority of the Arizona Department of Environmental Quality, Drinking Water Program. This EOP must be updated any time significant changes are made to the system or the Company's Operational Staffing.

EMERGENCY CONTACTS

Depending on the EOL involved with the WSI various emergency parties require, desire, or prefer to be notified and advised. The Company primarily utilizes two methods of emergency contact of customers and the Emergency Contacts below: first by electronic mail, and second by direct telephone contact.

Table 1 – La Paz County

La Paz County	Contact Name	Email Address	Telephone Number
District 1 Supervisor	DL Wilson	DWilson@co.la-paz.az.us	(928) 669-6115
District 2 Supervisor	King Clapperton	KClapperton@co.la-paz.az.us	(928) 669-6115
District 3 Supervisor	Holly Irwin	HIrwin@co.la-paz.az.us	(928) 669-6115
County Administrator	Dan Field	DField@co.la-paz.az.us	(928) 669-6115
Emergency Services	Steve Biro	SBiro@co.la-paz.az.us	(928) 667-4310
Community Development	Nora Yackley	NYackley@co.la-paz.az.us	(928) 669-6138
Community Development	Ken Olkowski	KOlkowski@co.la-paz.az.us	(928) 669-6138
Health Department	Marian Shontz	MShontz@co.la-paz.az.us	(928) 669-1100
Health Department	Mimi Hernandez	MHernandez@lapazsheriff.org	(928) 916-9631
Public Works	Tom Simmons	TSimmons@co.la-paz.az.us	(928) 669-2016
Sheriff's Department	Administration	SBiro@lapazsheriff.org or BPoindexter@lapazsheriff.org	(928) 669-6141 or (928) 669-2281 (dispatch)

Table 2 - ADEQ

ADEQ Staff	Position	Email Address	Telephone Numbers
Daniel Czecholinski	Manager Drinking Water	DCS@azdeq@gov	(602) 771-4617
Jennifer Peterson	Inspection Compliance	JC17@azdeq@gov	(602) 771-4253
Dave Dunaway	Monitoring and Protection	Dwd@azdeq@gov	(602) 771-6403
Steve Vogel	Inspector	SV1@azdeq.gov	(602) 694-1099
Jon Fiegen	Inspector	Fiegen.Jon@azdeq.gov	(602) 771-4634

John Calkins	Department Manager	Calkins.john@azdeq.gov	
Mario A. Casillas	Inspector	Casillas.mario@azdeq.gov	(602) 771-4359
Karen L. Black	Water Monitoring	Black.Karen@azdeq.gov	(602) 771-4559

Table 3 - Brooke Water LLC

Customer Service Center	CSR's	customerservicecenter@brookeutilities.com	(800) 270-6084
Operations Superintendent	Parker, AZ	DaleA@brookeutilities.com	(928) 970-0437
Operations Staff	Ops	RRomine@brookeutilities.com	(928) 970-0439
Operations Staff	Ops	CBrinkerhoff@brookeutilities.com	(661) 973-4453
Operations Staff	Ops	(hiring candidate in process)	
Corporate Office	Managing Member	RTH@brookeutilities.com	(661) 633-7526

Table 4 – ACC

Arizona Corporation Commission	outages@azcc.gov	(602) 542-2237

Checklist of Actions to Be Completed Immediately Following a Disaster

Note: This checklist is not intended to replace the EOP and its procedures. This checklist should be used as a supplemental guide only.

1. Make preliminary damage/ contamination/ threat assessment as quickly as possible.
2. Notify division management
3. Assemble and assign crisis personal
4. Establish a communications center and contact Emergency Contacts in accordance with EOL established above.
5. Isolate affected areas to effect the least number of customers practicable after Emergency Contacts have been made.
6. Perserve potable water storage and plant facilities
7. Identify areas and number of customers that will need temporary alternative supply
8. Set recovery priorities, flushing, chlorination, and testing treatment repairs
9. Contact health and reulatory officials to address specific circumstances as needed
10. Contact hospital, police, and fire to address specific circumstances as needed.
11. Contact Emergency Contacts to advise of the resolution or passing of the emergency condition.

Emergency Contact Notifications (ECN)

In reporting a WSI the Company normally first communicates with its customers and Emergency Contacts by electronic mail and subsequently by direct telephone where desired, needed and/or appropriate. It is the Company's policy to make emergency notifications as quickly as possible after emergency event facts are reported, discovered, or understood[1]. All ECN's information shall provide at least the following information concerning the WSI:

(1) Date
(2) Time (expressed in military time)
(3) Water system affected
(4) Estimate of number of customers believed to be affected
(5) Location of the reason for the WSI
(6) Expected duration (or updated expected duration)

The form of ECN shall generally have the following sample format:

CUSTOMER SERVICE ADVISORY

Date: **November XX, 20XX**
Time: **1330 hours**
Re: **XX Water System**

A water service interruption has occurred in the XX water system and is believed to affect more than 25 customers. The broken water main is located at the intersection of Maple St. and Evergreen Ave. in Parker, AZ. The Company expects to return service to normal operational levels in less than 4 hours. This notification will be updated or relieved as required by the circumstances.

We apologize for this service interruption and inconvenience. We appreciate the patience and concern of all our customers.

Brooke Water LLC

Customers and Emergency Contacts are strongly encouraged to submit current personal email addresses for this use. Please contact the Company's Customer Service Center at (800) 270-6084 to make such request or provide additional current information.

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[1] It should be noted that not all notification parties or agencies want to be notified at the same level of emergency.

LAKESIDE (LKS) WATER SYSTEM DESCRIPTION

Name of Water System:	LAKESIDE (LKS)
Public Water System #:	15-010
Community Water System #:	91-000742.0000
Number Service Connections:	798
Persons Served:	1995 (approximately)
Number of wells:	None
Colorado River Intakes:	One located on Riverside Dr.
Average Daily Consumption:	85,176
Average Daily Peak Production:	116,090
Storage Tanks:	3
Storage Capacity (total):	450,000
ADWR #:	C1504100
Water Treatment:	Yes
Water Treatment Method:	Gravel, sand, anthracite, polymer
Water Treatment Restocked:	March 2016
Water Treatment Filtering:	Backwash into settlement ponds
Fire Hydrants:	None
Booster Pumps:	Yes, one
Consumption Meter Type:	Sensus Model II, other
Electrical Utility:	Arizona Public Service
Distribution Materials:	ACP, PVC, C900, DIP
Backup Power Generation:	Yes; 75 kW portable trailer
Pressure Reducing Valves:	Yes, one
Altitude Valves:	Yes, one
Remote Tank Monitoring:	Yes, one
Turbidity meters:	Yes, model 1720E
Current ADEQ Violations:	No

PARKER DAM (PD) WATER SYSTEM DESCRIPTION

Name of Water System:	PARKER DAM (PD)
Public Water System #:	15-027
Community Water System #:	91-000748.0000
Number Service Connections:	195
Persons Served:	488 (approximately)
Number of wells:	None
Colorado River Intakes:	One located on Riverside Dr.
Average Daily Consumption:	33,083
Average Daily Peak Production:	47,670
Storage Tanks:	3
Storage Capacity (total):	47,000
ADWR #:	C150270
Water Treatment:	Yes

Water Treatment Method:	Gravel, sand, anthracite, polymer
Water Treatment Restocked:	March 2016
Water Treatment Filtering:	Backwash into settlement ponds
Fire Hydrants:	None
Booster Pumps:	Yes, two
Consumption Meter Type:	Sensus Model II
Electrical Utility:	Arizona Public Service
Distribution Materials:	ACP, PVC, C900, DIP
Backup Power Generation:	Yes; 75 kW portable trailer
Pressure Reducing Valves:	No
Altitude Valves:	No
Remote Tank Monitoring:	Yes, one
Turbidity meters:	Yes, model 1720E
Current ADEQ Violations:	No

HOLIDAY HARBOUR (HH) WATER SYSTEM DESCRIPTION

Name of Water System:	HOLIDAY HARBOUR (HH)
Public Water System #:	15-058
Community Water System #:	91-000752.0000
Number Service Connections:	226
Persons Served:	565 (approximately)
Number of wells:	None
Colorado River Intakes:	One located on Riverside Dr.
Average Daily Consumption:	48,089
Average Daily Peak Production:	77,198
Storage Tanks:	2
Storage Capacity (total):	130,000
ADWR #:	C150580
Water Treatment:	Yes
Water Treatment Method:	Gravel, sand, anthracite, polymer
Water Treatment Restocked:	March 2016
Water Treatment Filtering:	Backwash into settlement ponds
Fire Hydrants:	None
Booster Pumps:	Yes, two
Consumption Meter Type:	Sensus Model II
Electrical Utility:	Arizona Public Service
Distribution Materials:	ACP, PVC, C900, DIP
Backup Power Generation:	Yes; 75 kW portable trailer
Pressure Reducing Valves:	Yes, two
Altitude Valves:	No
Remote Tank Monitoring:	Yes, one
Turbidity meters:	Yes, model 1720E
Current ADEQ Violations:	No

MOOVALYA KEYS (MK) WATER SYSTEM DESCRIPTION

Name of Water System:	MOOVALYA KEYS (MK)
Public Water System #:	15-006
Community Water System #:	91-000741.0000
Number Service Connections:	558
Persons Served:	1395 (approximately)
Number of wells:	None
Colorado River Intakes:	One located on Riverside Dr.
Average Daily Consumption:	69,049
Average Daily Peak Production:	90,290
Storage Tanks:	3
Storage Capacity (total):	145,000
ADWR #:	C150060
Water Treatment:	Yes
Water Treatment Method:	Gravel, sand, anthracite, polymer
Water Treatment Restocked:	March 2016
Water Treatment Filtering:	Backwash into settlement ponds
Fire Hydrants:	None
Booster Pumps:	Yes, six
Consumption Meter Type:	Sensus Model II
Electrical Utility:	Arizona Public Service
Distribution Materials:	ACP, PVC, C900
Backup Power Generation:	Yes; 75 kW portable trailer
Pressure Reducing Valves:	No
Altitude Valves:	No
Remote Tank Monitoring:	Yes, one
Turbidity meters:	Yes, model 1720E
Current ADEQ Violations:	No

RIO LINDO (RL) WATER SYSTEM DESCRIPTION

Name of Water System:	RIO LINDO (RL)
Public Water System #:	15-040
Community Water System #:	91-000751.0000
Number Service Connections:	31
Persons Served:	78 (approximately)
Number of wells:	None
Colorado River Intakes:	One located on Riverside Dr.
Average Daily Consumption:	6,945
Average Daily Peak Production:	14,470
Storage Tanks:	1
Storage Capacity (total):	10,000
ADWR #:	C150400
Water Treatment:	Yes
Water Treatment Method:	Gravel, sand, anthracite, polymer
Water Treatment Restocked:	March 2016
Water Treatment Filtering:	Backwash into Buckskin Sanitation District

Fire Hydrants:	None
Booster Pumps:	Yes, two
Consumption Meter Type:	Sensus Model II
Electrical Utility:	Arizona Public Service
Distribution Materials:	ACP, C900
Backup Power Generation:	Yes; 75 kW portable trailer
Pressure Reducing Valves:	No
Altitude Valves:	No
Remote Tank Monitoring:	Yes, one
Turbidity meters:	Yes, model 1720E
Current ADEQ Violations:	No

MARINA VILLAGE (MV) WATER SYSTEM DESCRIPTION

Name of Water System:	MARINA VILLAGE (MV)
Public Water System #:	15-011
Community Water System #:	91-000743.0000
Number Service Connections:	224
Persons Served:	560 (approximately)
Number of wells:	None
Colorado River Intakes:	One located on Riverside Dr.
Average Daily Consumption:	37,514
Average Daily Peak Production:	52,865
Storage Tanks:	1
Storage Capacity (total):	100,000
ADWR #:	C150110
Water Treatment:	Yes
Water Treatment Method:	Gravel, sand, anthracite, polymer
Water Treatment Restocked:	March 2016
Water Treatment Filtering:	Backwash into settlement ponds
Fire Hydrants:	None
Booster Pumps:	Yes, two
Consumption Meter Type:	Sensus Model II
Electrical Utility:	Arizona Public Service
Distribution Materials:	ACP, PVC, C900
Backup Power Generation:	Yes; 75 kW portable trailer
Pressure Reducing Valves:	No
Altitude Valves:	No
Remote Tank Monitoring:	Yes, one
Turbidity meters:	Yes, model 1720E
Current ADEQ Violations:	No

Notification Procedures

(A.A.C. R17-4-I16. B.2)

In the event of an emergency the follow procedures should be instituted by all Company staff and all other authorized representatives.

(1) The Company's On-Call Operations ("Ops") personnel shall endeavor to respond to an emergency condition as quickly as possible while at all times conducting themselves in a safe and professional manner.

(2) Ops shall assess the nature of the water system emergency quickly verifying that the general nature of the emergency is directly related to the water system.

(3) Ops shall advise the Operations Superintendent as soon as possible as to the nature of the emergency including the location of the emergency event, general reason believed for the event, resources thought to be required including excavation equipment, vehicles, tools, special equipment, specialty contractors, safety equipment, personnel, water pumps, control valves needed to be operated (if applicable), "best guesstimate" number of customers affected, and "best guestimate" of the duration of an expected WSI.

(4) Depending on the seriousness and nature of the WSI the Operations Superintendent shall determine if the President of the Company shall be notified. Accordingly, the President shall be notified of all Level 2 and Level 3 emergencies.

(5) Stop water contamination.

(6) Stop or reduce water loss bearing in mind the number of customers affected.

(7) Depending on need Ops should request emergency underground alert by contacting Bluestake at (602) 263-1100.

(8) Contact the Customer Service Center (CSC) or other staff to provide emergency contact notification as otherwise proscribed in the EOP. Provide updates every hour or as otherwise directed. Use all applicable communication devices including cell phones, test messages, and FaceTime for communications. Use electronic mail distribution list for initial contact of customers and notification parties. Provide subsequent telephone contact as required.

(9) Maintain communication with corporate office representatives, as necessary, public relations, emergency contacts, and others in the affected service area.

(10) Contact the Arizona Corporation Commission (602-542-2237) and the Arizona Department of Environmental Quality (hotline number: 800-234-5677) to advise of all water contamination occurences or threats, terrorists incidents or threats and any interruptions or outages of a duration longer than four (4) hours. Notification via telephone and email may be used initially but all notifications must include an email and/or fax notification confirmation. **NOTE: NOT ALL REGULATORY AUTHORITIES OR GOVERNMENT AGENCIES DESIRE TO BE CONTACTED AT THE SAME LEVELS OF EMERGENCY.**

(11) As circumstances require, or at the specific direction of the Company's President, local media will be contacted with a public information request.

(12) If required or at the specific direction of the President, customer notices would be posted in reasonable conspicuious public locations, on existing water company property, broadcast on local radio and/or printed in a general circulation media. Customers, local,

state, regional, and fedreal agencies will be advised by use of electronic mail distribution lists.

(13) Ops shall, where circumstances require, always flush, chlorinate, and take water test samples of WSI's involving broken pipes and water contamination. Results of water samples shall be submitted to the Company's President as soon as they are received.

The Brooke Water LLC Parker office located on Riverside Dr. shall serve as the primary location for control and assembly of personnel, equiptment, and material. Material at this location would be utilized and transported to the location of the emergency. Equiptment needed to accomplish the anticipated repairs would be moblized and also taken to the site.

Customer Service Center ("CSC")

The Customer Service Center is staffed by up to five Customer Service Representatives ("CSR's") during regular business hours of 0800 hours to 1600 hours daily (Arizona Mountain Time). The CSC can be reached at (800) 270-6084 at all times.

The CSC Team Manager supervises other CSR's while taking customer calls, processing credit card payments, dispatching Service Orders ("SO's") to the Operations Department, arranges new service connections, manages the Customer Information System ("CIS"), provides informational and documentation support for processing customer complaints. The CSC maintains records of all inbound and outbound customer calls, keeps updated customer information records, produces customer bills, and is responsible for making adjustments to customer accounts where applicable. The CSC determines late paying customers and issues disconnection lists to the Operations Department for processing. When call volume exceeds the ability of all CSR's to answer and process inbound calls an automated system is utilized that allows inbound callers to leave a message with brief details of the nature of their call. It is the policy of the CSC to make every reasonable effort to return message-left calls the same business day. As a matter of record, the Company maintains detailed monthly service records of the calls processed by the CSC.

Customer calls that are received by the CSC after business hours are routed to an automated call processing center that processes emergency calls. All non-emergency related calls are referred to the CSC for processing the next business day. If a call is an after-hours emergency the call ("AHEC") is routed to an automated telephone answering tree that interacts with the caller asking for some details of the nature of the emergency. The AHEC is routed to every member of the Operations Department, not just the scheduled Operation's on-call staff member, for redundancy of coverage. The Operations on-call staff member is dispatched to the site immediately afterward.

The CSC engages in regular training and reoccurring training of its processes, procedures, instructions, and policies pursuant to a set of published documentation that is regularly reviewed and updated.

Other Related Telephone References

Backflow Specialists:

Cintas Fire Protection (Lake Havasu City):	928-855-2248
Metro Fire Equipment and Backflow (Mesa):	480-464-0509
Steve Jackson Backflow Testing (Parker):	928-669-0545

Health Regulatory Agencies:

ADEQ:	602-771-2300 or 800-234-5677 (hotline)
AZ Department of Health Services:	602-542-1025
US Environmental Protection Agency:	415-947-8000
Arizona Corporation Commission:	602-542-2237
AZ Department of Water Resources:	602-771-8500

Utility Purveyors:

Electric/ Gas: Arizona Public Service (APS): 800-253-9407

Contractors:

Well and Pump Contractors: Pump Tech (Mayer): 928-632-4594
Central Arizona Pump (Payson, Kingman): 928-476-5440

Spare Parts Vendors:

Bud's Plumbing:	928-474-4441
Dana Kepner Co.:	928-854-5050

Water Hauling Vehicles and Services:

Rio Verde Water Hauling: 602-616-9198

News Media:

Parker Pioneer	(928) 669-9624
Arizona Republic Newspaper:	602-444-8000

Loss of Source

(A.AC. R18-4-116A.I)

Source of Supply Failure and/ or Excessive Demand

If the water source were lost due to contamination, excessively high demand, or a similar emergency, potable water shall be transported to customers by water truck. The La Paz County Emergency Services Department may **provide non-potable water** at convenient public location for customer access. A detailed public service announcement would be issued through electronic message distribution lists to inform the public of the steps that should be taken during this time period and the expected duration of the situation.

Brooke Water LLC may also supplement the hauled water with bottled **potable** water made available at a central location and/or distributed to customers in the affected service area. A detailed public service announcement advising customers of the time and location to pick up the bottled water will be indicated. The assigned location for bottled water pick will generally be plant sites. Customers who are not able to leave their homes will be instructed via the electronic message distribution list and/or public service announcement to contact the Customer Service Center and provide their address for bottled water delivery.

Potable Water Hauling Vehicles

Possible vendors from which to obtain a water tanker truck are as follows:

Rio Verde Water Hauling: (602) 616-9198

Loss of Supply Due to Major Component Failure

(A.AC. R-18-4-116A.2)

The failed component should be identified as quickly as possible. Any actual or potential water contamination and/or water loss resulting from the failed component should be isolated immediately. Distribution maps will be utilized to determine the appropriate sectional control valves needed to close the system and isolate the components. The following critical components shall remain in service or be restored to service as quickly as possible: wells, electrical supply to the well site, storage tanks, booster pumps, pressure tanks, and distribution system. If supply is insufficient due to the mechanical failure of a pump or motor, the company representative will check local inventory for availability of a replacement part or component. Should the needed item(s) not be available from the existing inventory, the representative will then contact all sources in order to obtain the item(s) as well as schedule any work to be conducted within an acceptable time frame.

Brooke Water LLC will provide emergency water supply via bottled water delivery and/or water hauling as the situation requires. The following are potential alternative vendors for replacement of failed components:

Lewus Electric:	928-468-6320
Dana Kepner Co.:	928-537-4076

If a building, pump house or storage facility should collapse or be damaged in any way, immediate steps must be taken to minimize damage and protect the water supply from contamination. The appropriate contractors would be contacted to assist in repair or replacement of the facility.

Loss of Power or Power Supply Equipment

(R18-4-116. A3)

In the event of a power supply equipment damage or a general loss of electrical power, the area provider of service would be immediately contacted in an effort to communicate the situation and gain insight into the expected duration and cause of the outage.

Arizona Public Service (APS)	800-253-9407

Should the power outage appear to encompass only a short time frame the water supply held in storage may be sufficient to meet the immediate demand during standard consumption situations. In the event the expected power outage duration indicates an unavoidable interruption of water service auxiliary power would be provided and/or obtained to supply power to the intake pumps and booster station motors. Fortunately, Brooke Water LLC has its own 75 kW mobile trailer diesel auxiliary power generator that could be provided to a site specific location during a power shortage. Other sources of auxiliary power generation may also be available.

Should the power outage be the result of failed electrical components, Brooke's in-house staff will attempt to diagnose the problem, followed by contacting our various electrical contractors to obtain immediate assistance and repair.

Contamination of Water Supply, Backflow

(AA.C. R-18-4-116A.4)

Backflow and cross connection problems are recognized caused in situation of microbiological or chemical contamination of a water supply. Implementation of Brooke Water LLC's Backflow Prevention Plan is utilized to reduce the frequency of this situation. In addition, Brooke Water LLC Brooke Water LLC collects water samples regularly which are submitted for microbiological sampling required by state and federal regulations to Legend Technical Services of Arizona (602-324-6100).

In the event of a cross connection or backflow event:

1. Identify the source of the contamination by visual inspections of the infrastructure and service area, chlorine residual sampling and other water quality testing.
2. Once identified, the cause of the contamination shall be immediately isolated or disconnected.
3. Any affected areas would also be isolated and appropriately treated, disinfected, or neutralized. Treatment includes, but may not be limited to: line flushing and chlorination of the affected area.
4. If necessary, those affected areas of the production, treatment, transmission, or distribution system would also be replaced or removed from service.
5. Arrangements for alternative water sources may be utilized during this time (See "Alternative Sources of Water").
6. ACC, ADEQ, and all affected or potentially affected customers would be immediately notified in accordance with the Notification Procedures.
7. Once the contamination has been neutralized, chlorine residual monitoring and sample collection for laboratory testing would be performed until Total Coliform levels are within the acceptable range (0.05 mg/l) for safe drinking water, and service may be restored.

Contamination of Water Supply, Chemical or Microbiological

(A.A.C. R17-4-116A.7)

Implementation of Brooke Water LLC's Backflow Prevention Plan, included herein, is utilized to reduce the frequency of this chemical or microbiological contamination. In addition, Brooke Water LLC collects water samples regularly, which are submitted for microbiological sampling as required by state and federal regulations to Legend Technical Services of Arizona (602-324-6100).

In the event of a chemical or microbiological event:

1. Identify the source of the contamination by visual inspections of the infrastructure and service area, chlorine residual sampling and other water quality testing. To obtain assistance with identifying sources of contaminant, Affordable Backflow Services at 928-978-4909 may be contacted.
2. Once identified, the cause of the contamination shall be immediately isolated or disconnected.
3. Any affected areas would also be isolated and appropriately treated, disinfected, or neutralized. Treatment includes, but may not be limited to, line flushing and chlorination of the affected area.
4. If necessary, those affected areas of the production, treatment, transmission, or distribution system would also be replaced or removed from service.
5. Arrangements for alternative water sources may be utilized during this time (See "Alternative Sources of Water").

6. ACC, ADEQ and all affected or potentially affected customers would be immediately notified in accordance with the Notification Procedures.
7. Once the contamination has been neutralized, additional laboratory testing would be performed until Total Coliform levels are within the acceptable range (0.05 mg/l) for safe drinking water and service may be restored.

Collapse of Reservoirs

(A.A. C. R-18-4-116. A. 5)

If a building, pump house, or storage facility should collapse or be damaged in any way, immediate steps would be taken to minimize damage and protect the water supply from contamination. The aforementioned notification procedures, loss of supply procedures, and contamination procedures should be followed immediately. The appropriate contractors would be contacted to assist in repair or replacement of the facility.

Breaks in Mains or Service Lines

(A.AC. R-18-4-116.A.6)

If a main line or service line is damaged in any way, immediate steps would be taken to minimize water loss and water contamination. The aforementioned notification procedures, determination of emergency Level, loss of supply procedures, and the disinfection procedures should be followed as applicable. The appropriate contractors should also be contacted to assist in immediate repair or replacement of the problem facility.

Alternative Water Sources

(A.AC. R18-4-116.B. I)

None of the Brooke Water LLC's systems have interconnections with other water purveyors. In the event both the primary and secondary well were unavailable for use, water would be hauled to the storage site as set forth in "Source of Supply Failure".

Alternative water providers, water haulers, and/or bulk bottled water providers would be contacted to request supplement water supply.

Disinfection and Testing After Repairs

(A.AC. R-18-4-116.B.3)

Flushing Procedures:

Once repairs are completed the affected portion of the distribution lines will be flushed using the most appropriate outlet within the isolated area. Flushing should be completed by opening the valves in the closed area only after opening the appropriate flush out valve. These valves should be closed one at a time in order to allow release of all water in the distribution lines during the

time of the contamination, emergency and/or repair efforts. If air is found in the lines it will be necessary to and/or repair efforts. If air is found in the lines it will be necessary to allow free flow until most of the air has been removed from the system.

Disinfection and Testing Procedures:

Disinfection of the affected portion of the distribution system will be conduced in accordance with Arizona Department of Environmental Quality ("ADEQ") regulations. Specifically, upon completion of the flushing and prior to returning the system to full service, the affected area will be tested for a chlorine residual at each of the flush out locations. If the chlorine residual is not evident, that portion of the system will be flushed and disinfected again. A second residual will be taken. This procedure will be repeated until a satisfactory chlorine residual is attained. Residual tests would continue for a period not greater than 48 hours in duration. Once the affected portion of line has adequate residual a bacteriological sample must be taken within 24 hours thereafter.

Critical System Components that Shall Remain in Service or Be Restored as Quickly as Possible

(A.A. C. R-18-4-116.B.4)

The following critical system components shall remain in service or be restored to service as quickly as possible:

1. Colorado River intake pumps as noted in system description section of this plan
2. Electrical supply to sites, booster sites, pressure tanks
3. Storage tanks
4. Pressure tanks
5. Distribution System
6. Various blow-off valves

Critical Component Inventory

(AA. C R-18-4-116. B. 5)

An inventory of many critical components is maintained and stored at the Parker Division Operations Office. Written requests, telephone contact and electronic mail requests are used as a means for operators and contractors to request items, which may not be specifically listed on work orders or the inventory masters list.

In the event spare parts, pumps, or motors are required which are not maintained in the Parker Division Operations office inventory, the following suppliers would be contacted in order to obtain the item(s) as quickly as possible:

Dana Kepner Co.: 928-537-4076

Staff Training in Emergency Operation Procedures

(A.AC. RI8- 4-116. B.6)

All water operators and authorized representatives of Brooke Water LLC's water systems will be issued a copy of this EOP upon start of employment. Any current employee without a copy of the EOP may request a copy from the corporate offices of Brooke Water LLC. Each employee will be responsible for review and understanding of the information provided herein.

Reviews may be conducted on the quarterly basis during staff meetings to ensure current knowledge and understanding of outlined procedures. Any and all modifications, changes or updates will be issued to all employees and all necessary regulatory agencies in order to maintain the EOP as a viable and accurate source of information.

END OF EOP

EXHIBIT B

For the Company's Customer Service, Staff recommends the Company provide the following information within 60 days of the Decision in this Docket:

1. **Call Center Matrix** – Please provide an organizational chart of the company's call center.
2. **Call Center Hours of Operation** – Please provide the operating hours of the company's call center including each day of the week when the call center is operational and the operating hours for each operational day.
3. **Call Center After Hours** – Please discuss in detail how the company handles emergency calls after hours.
4. **First call resolution** – Provide the percentage of calls that the agent resolves the caller's issue without having to escalate, transfer or return the call.
5. **Percentage of calls blocked** – Provide the percentage of callers that received a busy tone when they call.
6. **Average time in queue** – Provide the average amount of time callers wait in call queues before an agent responds.
7. **Average after call work time** – Provide the average amount of time an agent spends completing work related to the call after they finish the call.
8. **Service level** – Provide the percentage of calls answered within a specified number of seconds.
9. **Average abandonment rate** – Provide the percentage of callers who hang up before reaching an agent.
10. **Agent turnover rate** – What is the percentage of agents who leave the call center?
11. **Average speed of answer** – Provide the average amount of time it takes for the call to be answered by an agent or the Automatic Call Distributor (ACD).
12. **Average handle time** – Provide the average amount of time an agent spends speaking with the caller, including hold time.
13. **Schedule adherence** – To what extent do call center agent adhere with their assigned schedule?
14. **Escalation Matrices** – Provide a matrix of the how calls are escalated to call center supervisors and managers.
15. **Call Scripts** – Please provide copies of scripts provided to agents on how to respond to general and specific types of calls.
16. **Step-by-Step Call Resolution Flow Charts** – Please provide flow charts for call resolution.
17. **Call Center Training** – Please discuss the training offered by the company to its call center agents.